

HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

SINGLE AUDIT

June 30, 2005



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Heath City School District, Licking County, prepared by Wilson, Shannon, & Snow, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 30, 2005

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**Heath City School District
Licking County**

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**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass thru Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
Food Donation	N/A	10.550	\$ -	\$ 51,516	\$ -	\$ 51,516
National School Lunch Program	LL-P4,P1-04,05	10.555	124,332	-	124,332	-
<i>Total Child Nutrition Cluster:</i>			<u>124,332</u>	<u>51,516</u>	<u>124,332</u>	<u>51,516</u>
Total U.S. Department of Agriculture			<u>124,332</u>	<u>51,516</u>	<u>124,332</u>	<u>51,516</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Special Education-Grants to States	6B-SF-05	84.027	289,098	-	286,680	-
Title I Grants to Local Educational Agencies	C1-S1-04,05	84.010	224,203	-	220,539	-
Safe and Drug Free Schools and Communities-State Grants	DR-S1-05	84.186	12,060	-	16,886	-
State Grants for Innovative Programs	C2-S1-05	84.298	11,896	-	12,306	-
Education Technology State Grants	TJ-S1-04,05	84.318	7,046	-	7,046	-
Advanced Placement Program	AV-TF-05	84.330	208	-	-	-
Improving Teacher Quality State Grants	TR-S1-04,05	84.367	25,026	-	16,246	-
Total U.S. Department of Education			<u>569,537</u>	<u>-</u>	<u>559,703</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
State Children's Insurance Program	N/A	93.767	1,923	-	1,923	-
Medical Assistance Program	N/A	93.778	34,279	-	28,296	-
Total U.S. Department of Health and Human Service			<u>36,202</u>	<u>-</u>	<u>30,219</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 730,071</u>	<u>\$ 51,516</u>	<u>\$ 714,254</u>	<u>\$ 51,516</u>

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

**Heath City School District
Licking County**

NOTES TO THE SCHEDULE OF FEDERAL AWARDS AND EXPENDITURES

For the fiscal year ended June 30, 2005

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the accompanying Schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture.



Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio (the School District) as of and for the fiscal year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 2, 2005, wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement 40. In addition, as disclosed in Note 2, the School District restated capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect the School District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-003. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated November 2, 2005.

Wilson, Shannon & Snow, Inc.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated November 2, 2005.

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
November 2, 2005



Report on Compliance with Requirements Applicable to Its Major Program And On Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Federal Awards Receipts and Expenditures

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

Compliance

We have audited the compliance of Heath City School District, Licking County, Ohio, (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the fiscal year ended June 30, 2005. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the School 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the fiscal year ended June 30, 2005.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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Internal Control over Compliance

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

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

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 Heath City School District, Licking County, Ohio (the School District) as of and for the fiscal year ended June 30, 2005, and have issued our report thereon dated November 2, 2005, wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement 40, and restated its capital assets. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
November 2, 2005

**Heath City School District
Licking County**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

June 30, 2005

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

**Heath City School District
Licking County**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

June 30, 2005

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

Finding Number	2005-001
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Ohio Rev. Code 5705.39 states that total appropriations from each fund should not exceed the total estimated resources.

At July 1, 2004, we noted appropriations exceeded estimated resources in the following fund:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
460 – Summer Intervention Fund	\$ 5,713	\$ 8,886	\$ (3,173)

At June 30, 2005, we noted appropriations exceeded estimated resources in the following funds:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
018 – Public School Support Fund	\$ 141,278	\$ 156,422	\$ (15,144)
401 – Auxiliary Services Fund	8,225	9,299	(1,074)
004 – Building Fund	<u>11,925</u>	<u>14,962</u>	<u>(3,037)</u>
	<u>\$ 161,428</u>	<u>\$ 180,683</u>	<u>\$ (19,255)</u>

Finding Number	2005-002
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Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

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

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
300 - Athletics	\$ 115,623	\$ 90,312	\$ (25,311)
409 – Career Development	581	534	(47)
432 – Education Management Information System	<u>499</u>	<u>-</u>	<u>(499)</u>
	<u>\$ 116,703</u>	<u>\$ 90,846</u>	<u>\$ (25,857)</u>

In addition, expenditures exceeded appropriations at the defined legal level of control for all funds based on a final appropriation measure not being approved by the Board until June 27, 2005

**Heath City School District
Licking County**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

June 30, 2005

Finding Number	2005-003
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A significant component of internal control is the monitoring and oversight function performed by the Board of Education. It is important that the Board takes an active role to insure the Treasurer of the School District is keeping the School District in compliance with material laws and regulations, such as budgetary compliance.

The last amended certificate approved by the Budget Commission did not agree to the amounts reported as estimated resources on the District's year-end cash report, the 4502 (accounting system). The amount on the last amended certificate totaled \$17,649,759 and the School District's year-end cash report totaled \$16,209,117, resulting in a difference of \$1,440,642. The budgetary statements reflect the actual estimated resources certified by the County Budget Commission.

We recommend that the Treasurer update accounting records throughout the year when budgetary data is modified so that the School District accurately records the resources that are available. By updating the accounting records, the Treasurer may also reduce the likelihood of appropriations exceeding estimated resources. In addition, we recommend that the Board of Education closely review the monthly financial reports to ensure that authorized board action is properly recorded to the accounting records.

3. FINDINGS FOR FEDERAL AWARDS

None were noted

**Heath City School District
Licking County**

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

June 30, 2005

Finding Number	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer <u>Valid</u> ; <u>Explain:</u>
2004-001	The Treasurer of the School District will submit amended certificates of estimated resources as necessary to reflect sources of income that come available during the year. In addition, the School District should ensure that amounts are properly reflected within the accounting system.	No	Reissued as Finding 2005-003.
2004-002	The Treasurer of the School District will submit the final appropriation measure to the Board of Education and obtain approval within the required timeframe.	No	Partially corrected, reported in the Management Letter.
2004-003	Ohio Revised Code Section 5705.39 states appropriations should not exceed estimated resources.	No	Reissued as Finding 2005-001.
2004-004	Ohio Revised Code Section 5705.41(B) states expenditures should not exceed appropriations.	No	Reissued as Finding 2005-002.
2004-005	The Treasurer of the School District will establish capital and textbook reserve accounts required by ORC guidelines.	No	Partially corrected, reported in the Management Letter.
2004-006	The Board will institute procedures to monitor compliance with Ohio budgetary laws.	No	Reissued as Finding 2005-003.

**Heath City School District
Licking County**

CORRECTIVE ACTION PLAN

June 30, 2005

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2005-001	The Treasurer of the School District will submit amended certificates of estimated resources as necessary to reflect sources of income that come available during the year and monitor compliance throughout the year ensuring appropriations do not exceed estimated resources.	This process will be implemented for fiscal year 2006	Brad Hall, Treasurer
2005-002	The Treasurer of the School District will submit the final appropriation measure to the Board of Education, obtain approval, and adjust the School District's 4502 to agree to the Board Approved Appropriation Measure. In addition, the Treasurer will monitor and deny requests for payment if expenditures exceed appropriations.	This process will be implemented for fiscal year 2006	Brad Hall, Treasurer
2005-003	The Treasurer will determine all receipts certified by the County Budget Commission have been properly posted to the accounting system. The Board will institute procedures to monitor compliance with Ohio budgetary laws.	This process will be implemented for fiscal year 2006	Brad Hall, Treasurer

HEATH CITY SCHOOL DISTRICT

Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**

Heath City School District



HEATH CITY SCHOOL DISTRICT

Heath, Ohio

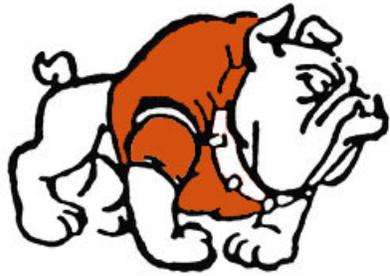
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2005**

Prepared by:

**Mr. Bradley T. Hall
Treasurer**

Heath City School District



HEATH CITY SCHOOL DISTRICT

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HEATH CITY SCHOOL DISTRICT

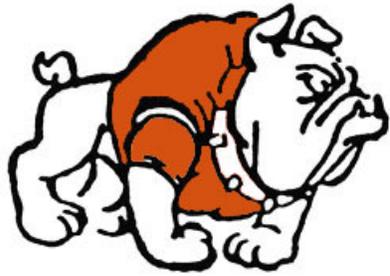
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INTRODUCTORY SECTION

Heath City School District



**Board of Education
Heath City Schools**



Office of the Treasurer

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

November 2, 2005

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

As the Superintendent and Treasurer of the Heath City School District (the District), we are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2005 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

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

The CAFR is presented in three sections as follows:

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

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

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

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

ECONOMIC CONDITIONS AND OUTLOOK

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

Over the last twenty years, the City of Heath has become the center of commercial growth in Licking County. Cross Creek Shopping Center, the Indian Mound Mall and Southgate Shopping Center as well as large establishments such as Wal-Mart, Target and Best Buy draw shoppers from surrounding communities. National restaurant chains including Red Lobster, Applebee's, Olive Garden, Bob Evans and Tumbleweed have located in the heart of the commercial development to meet the needs of those who have come to shop at the various retail stores. Office Depot returned to Heath. The Honeybaked Ham Company, and Peppers both opened in fiscal year 2005, as did Steve & Barry's University Sportswear, and Massey's Pizza.

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

In the residential sector, thirteen single family homes, ten condominium units and thirty-five manufactured homes were constructed or located within the City.

MAJOR INITIATIVES

Current:

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

During fiscal year 2005, the District focused on the continuing growth in student enrollment. The District's test score performance allowed the Heath City School's to be recognized as a "Excellent" district by the Ohio Department of Education. Another area of concern was to replace the boiler system at Stevenson Elementary. The district also up-graded the flush systems in the boy's restrooms at Garfield and Stevenson Elementary Schools and also, at Heath Middle School for water conservation. Along with these items, the City of Heath is currently upgrading their total infrastructure thus causing major issues with transportation.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

Future:

During the 2005-2006 school year, the primary concentration will continue to focus on test scores. The district is always trying to improve the test scores and keep our “Excellent” rating. This is how our district is compared with other districts. Also, with the newly implemented diagnostic testing program mandated by the state and the “NO CHILD LEFT BEHIND” Act, districts will focus much of their attention to meeting these standards.

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

- Continue implementation of Technology Plan and State Model Curriculum.
- Offer various classes of summer remediation at no cost to students.
- Strive to reach the goal of 80% on proficiency tests.
- Review all curriculums and upgrade textbooks and materials.
- Increase opportunities of Post-secondary options.
- Implement district wide mapping of Proficiency outcomes.
- Continue to expand technical preparatory opportunities.
- Introduce DIBELS program K-3 to identify student reading problems.
- Repair or replace fire alarm systems at Elementary and Middle schools.
- Increase student intervention to improve achievement tests and OGT scores.
- Investigate and begin planning for future operating levy
- Refinance current bonds saving over 1.5 million dollars

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal
For the Fiscal Year Ended June 30, 2005

FINANCIAL INFORMATION

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2005

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

Investments are made with the primary objectives of:

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

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

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

OTHER INFORMATION

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

AWARDS -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2004. We believe this, our sixth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

HEATH CITY SCHOOL DISTRICT

*Letter of Transmittal
For the Fiscal Year Ended June 30, 2005*

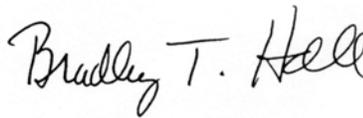
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution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

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

Respectfully submitted,



Thomas F. Forman
Superintendent



Bradley T. Hall
Treasurer

HEATH CITY SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2005

Members of the Board of Education

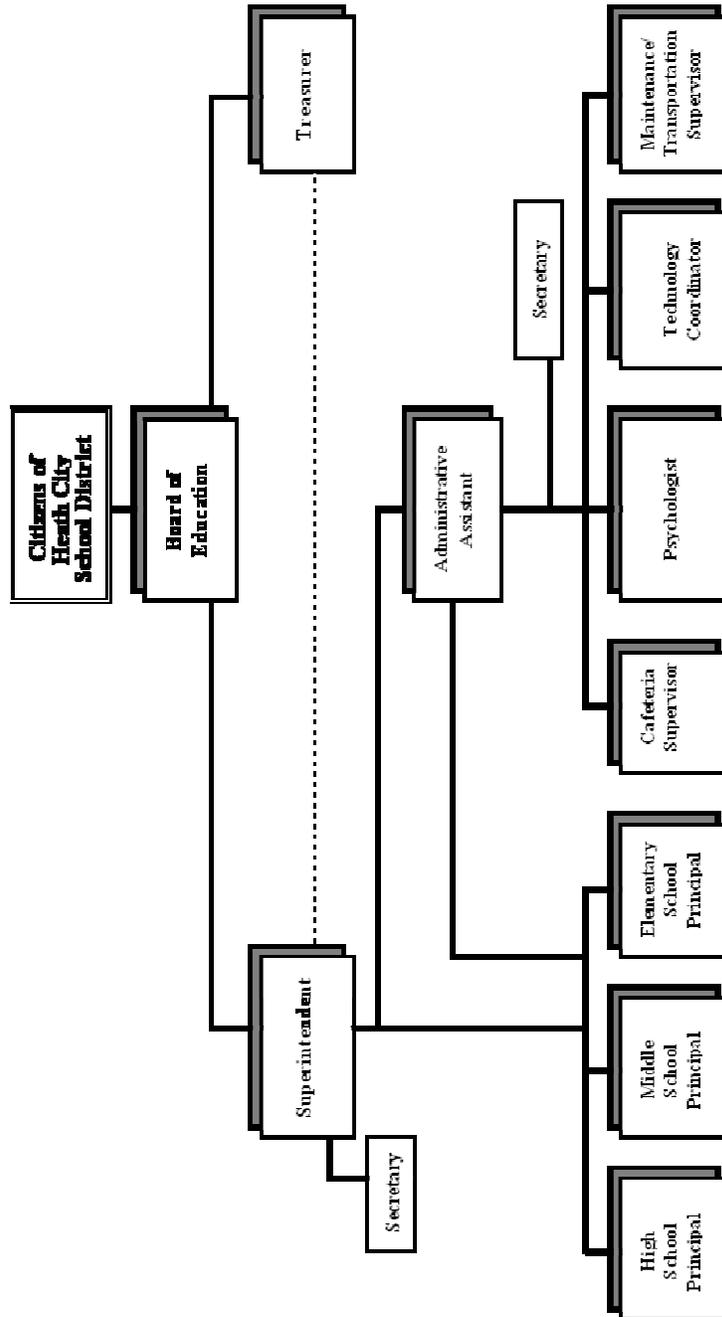
<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Mr. James Roberts	President	8
Mr. James Bowers	Vice president	8
Dr. Michael Gentry	Member	8
Mr. Steven Carson	Member	6
Mr. Gary Wimer	Member	4

Administration

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>	
		<u>Position</u>	<u>Total</u>
Mr. Thomas Forman	Superintendent	0	28
Mr. Bradley T. Hall	Treasurer	10.5	24
Mr. Gary Steinen	Assistant Superintendent	0	27

HEATH CITY SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2005



HEATH CITY SCHOOL DISTRICT

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

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Heath City School District,
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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. Zjella

President

Jeffrey R. Emmer

Executive Director



FINANCIAL SECTION

Heath City School District





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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Heath City School District, Licking County, Ohio (the District) as of and for the fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, as of June 30, 2005, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 2, the District restated capital assets due to the District re-appraising its capital assets. In addition, as disclosed in Note 2, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

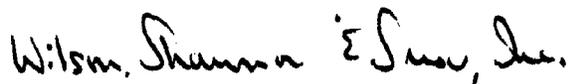
1-800-523-6611

FAX (740) 345-5635

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Newark, Ohio
November 2, 2005

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005*

Unaudited

The discussion and analysis of Heath City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2005 are as follows:

- ❑ In total, net assets increased \$1,054,874, which represents a 28.6% increase from 2005.
- ❑ General revenues accounted for \$13,448,804 in revenue or 90.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,364,887 or 9.2% of total revenues of \$14,813,691.
- ❑ The District had \$15,058,188 in expenses related to governmental activities; only \$1,364,887 of these expenses were offset by program specific charges for services, grants or contributions. General revenues were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$11,901,755 in revenues and \$11,714,358 in expenditures. The general fund's fund balance increased \$179,397 to \$1,252,684.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005*

Unaudited

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

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

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

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

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

Fund Financial Statements

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

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

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

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Assets provides a perspective of the District as a whole. The following table provides a summary of the District's net assets for 2005 compared to 2004:

	Governmental Activities		Increase (Decrease)
	2005	Restated 2004	
Current and other assets	\$11,898,698	\$10,365,186	\$1,533,512
Capital assets, Net	19,751,092	20,263,861	(512,769)
Total assets	31,649,790	30,629,047	1,020,743
Long-term debt outstanding	18,416,983	18,701,149	(284,166)
Other liabilities	8,495,073	8,245,038	250,035
Total liabilities	26,912,056	26,946,187	(34,131)
Net assets			
Invested in capital assets, net of related debt	2,416,171	2,544,316	(128,145)
Restricted	1,464,939	538,291	926,648
Unrestricted	856,624	600,253	256,371
Total net assets	<u>\$4,737,734</u>	<u>\$3,682,860</u>	<u>\$1,054,874</u>

At year-end for governmental activities, capital assets represented 62% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2005 was \$2,416,171. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,464,939, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$856,624 may be used to meet the District's ongoing obligations to the students and creditors.

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2005 and 2004:

	Governmental Activities	
	2005	2004
Revenues		
Program Revenues:		
Charges for Services and Sales	\$561,361	\$567,188
Operating Grants and Contributions	788,301	664,410
Capital Grants and Contributions	15,225	0
Total Program Revenues	1,364,887	1,231,598
General Revenues:		
Property Taxes	8,199,641	8,015,472
Grants and Entitlements	4,627,830	4,523,677
Other	621,333	302,267
Total General Revenues	13,448,804	12,841,416
Total Revenues	14,813,691	14,073,014
Program Expenses		
Instruction	8,091,647	7,420,592
Support Services:		
Pupils	829,084	670,516
Instructional Staff	468,106	444,965
Board of Education	11,468	13,610
Administration	1,194,699	1,195,387
Fiscal Services	508,518	465,977
Business	18,637	33,354
Operation and Maintenance of Plant	1,226,471	1,067,835
Pupil Transportation	477,979	393,860
Central	221,434	220,088
Operation of Non-Instructional Services:		
Community Services	7,582	4,576
Food Service Operations	493,570	470,482
Extracurricular Activities	537,875	455,412
Interest and Fiscal Charges	971,118	972,786
Total Expenses	15,058,188	13,829,440
Change in Net Assets before Special Item	(244,497)	243,574
Special Item Gain on Sale of Capital Assets	1,299,371	0
Special Item Loss on Disposal of Capital Assets	0	(371,782)
Change in Net Assets	1,054,874	(128,208)
Beginning Net Assets, Restated	3,682,860	3,811,068
Ending Net Assets	\$4,737,734	\$3,682,860

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

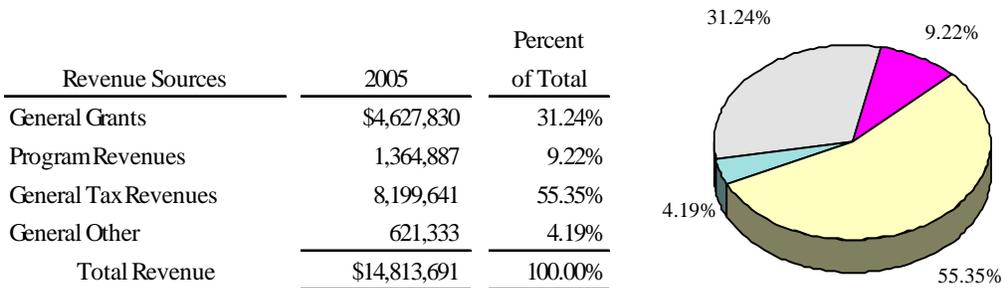
Governmental Activities

Net assets of the District's governmental activities increased by \$1,054,874. Total governmental expenses of \$15,058,188 were offset by program revenues of \$1,364,887 and general revenues of \$13,448,804. Program revenues supported 9.1% of the total governmental expenses. The primary reason for the increase in net assets was the sale of the old Fulton Middle School land.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources of general revenue total \$12,827,471 and represent 95.4% of total general revenue.

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

Property taxes made up 55% of revenues for governmental activities for Heath City Schools in fiscal year 2005. The District's reliance upon tax revenues is demonstrated by the following graph:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$2,663,057, which is above last year's total of \$1,491,204. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Fund Balance June 30, 2004	Increase (Decrease)
General	\$1,252,684	\$1,073,287	\$179,397
Bond Retirement	143,055	124,137	18,918
Permanent Improvement	1,009,183	28,072	981,111
Other Governmental	258,135	265,708	(7,573)
Total	\$2,663,057	\$1,491,204	\$1,171,853

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005*

Unaudited

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

	2005 Revenues	2004 Revenues	Increase (Decrease)
Taxes	\$6,853,594	\$6,675,056	\$178,538
Tuition	88,595	108,289	(19,694)
Investment Earnings	48,108	14,935	33,173
Intergovernmental - State	4,490,156	4,371,621	118,535
All Other Revenue	421,302	142,990	278,312
Total	\$11,901,755	\$11,312,891	\$588,864

General Fund revenues in 2005 increased approximately 5.2% compared to revenues in fiscal year 2004. The primary factors contributing to this increase include increases in tax revenue and state foundation monies received as well as a \$172,000 donation from a local business.

	2005 Expenditures	2004 Expenditures	Increase (Decrease)
Instruction	\$6,966,070	\$6,297,554	\$668,516
Supporting Services:			
Pupils	603,262	544,671	58,591
Instructional Staff	345,336	301,246	44,090
Board of Education	11,468	13,610	(2,142)
Administration	1,162,291	1,077,472	84,819
Fiscal Services	472,237	424,195	48,042
Business	18,637	13,568	5,069
Operation and Maintenance of Plant	1,230,658	1,351,689	(121,031)
Pupil Transportation	419,537	340,581	78,956
Central	179,758	179,072	686
Operation of Non-Instructional Services:			
Food Service Operations	2,780	2,902	(122)
Extracurricular Activities	262,674	234,210	28,464
Capital Outlay	39,650	107,591	(67,941)
Total	\$11,714,358	\$10,888,361	\$825,997

The expenditures increased by \$825,997 or 7.6% compared to the prior year mostly due to a significant increase in instruction. This increase in instruction was the result of the hiring of additional teachers as well as salary increases. The increase in Instructional Staff was due to the hiring of additional education aides. Fiscal Services increased because outside contractor fees increased. The decrease for Operation and Maintenance of Plant was the result of new capital leases in 2004. The increase in Pupil Transportation was due to additional personnel, salary and insurance increases. Capital Outlay decreased as a result of demolition costs for Fulton Middle School in 2004.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2005

Unaudited

Bond Retirement Fund – This fund increased \$18,918 from the prior year noting revenues of \$1,353,033 and expenditures of \$1,334,115.

Permanent Improvement Fund – The increase in the Permanent Improvement fund resulted from the sale of the Fulton Middle School land.

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of fiscal year 2005 the District amended its General Fund budget several times, none significant. The General Fund budget basis revenue of \$11.9 million, decreased \$.5 million compared to the original budget estimates of \$12.4 million. The decrease was due to an overestimation of State funding.

Actual expenditures compared to the final budget resulted in an overall positive variance due to less spending than was originally estimated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the District had \$19,751,092 net of accumulated depreciation invested in land, buildings, equipment and vehicles. The following table shows fiscal year 2005 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Land	\$438,952	\$461,372	(\$22,420)
Land Improvements	2,130,822	2,056,871	73,951
Buildings and Improvements	21,339,366	21,064,686	274,680
Machinery and Equipment	1,063,072	1,051,786	11,286
Vehicles	667,740	702,088	(34,348)
Less: Accumulated Depreciation	(5,888,860)	(5,072,942)	(815,918)
Totals	\$19,751,092	\$20,263,861	(\$512,769)

The primary increase occurred in buildings and improvements, which was the result of the District building a new storage shed and replacing a portion of the roof at the Middle School.

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

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

Debt

At June 30, 2005, the District had \$18.4 million in general obligation bonds, long-term notes, capital leases and compensated absences outstanding, \$513,103 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2005:

	<u>2005</u>	<u>2004</u>
Governmental Activities:		
General Obligation Bonds Payable	\$16,829,655	\$17,016,111
Long-Term Notes Payable	320,000	475,000
Capital Leases Payable	185,266	228,434
Compensated Absences	1,082,062	981,604
Totals	<u>\$18,416,983</u>	<u>\$18,701,149</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2005, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

ECONOMIC FACTORS

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

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

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

REQUESTS FOR INFORMATION

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



HEATH CITY SCHOOL DISTRICT

Statement of Net Assets **June 30, 2005**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 1,818,291
Investments	1,096,722
Receivables:	
Taxes	8,748,295
Intergovernmental	19,719
Interest	4,806
Inventory	13,112
Restricted Assets:	
Cash and Cash Equivalents	197,753
Capital Assets:	
Land	438,952
Depreciable Capital Assets, Net	19,312,140
Total Capital Assets, Net	<u>19,751,092</u>
Total Assets	<u><u>31,649,790</u></u>
Liabilities:	
Accounts Payable	57,627
Accrued Wages and Benefits	869,218
Intergovernmental Payable	289,690
Unearned Revenue - Taxes	7,182,571
Early Retirement Incentive Payable	19,884
Accrued Interest Payable	76,083
Long Term Liabilities:	
Due Within One Year	513,103
Due in More Than One Year	17,903,880
Total Liabilities	<u><u>26,912,056</u></u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,416,171
Restricted For:	
Capital Projects	1,037,247
Debt Service	83,212
Other Purposes	344,480
Unrestricted	856,624
Total Net Assets	<u><u>\$ 4,737,734</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2005

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction	\$ 8,091,647	\$ 169,393	\$ 399,626	\$ 15,225	\$ (7,507,403)
Support Services:					
Pupils	829,084	35,712	87,085	0	(706,287)
Instructional Staff	468,106	0	82,713	0	(385,393)
Board of Education	11,468	0	0	0	(11,468)
Administration	1,194,699	0	0	0	(1,194,699)
Fiscal Services	508,518	0	263	0	(508,255)
Business	18,637	0	5,124	0	(13,513)
Operation and Maintenance of Plant	1,226,471	0	0	0	(1,226,471)
Pupil Transportation	477,979	0	15,000	0	(462,979)
Central	221,434	0	12,000	0	(209,434)
Operation of Non-Instructional Services:					
Community Services	7,582	0	6,311	0	(1,271)
Food Service Operations	493,570	281,668	180,179	0	(31,723)
Extracurricular Activities	537,875	74,588	0	0	(463,287)
Interest and Fiscal Charges	971,118	0	0	0	(971,118)
Total Governmental Activities	<u>\$ 15,058,188</u>	<u>\$ 561,361</u>	<u>\$ 788,301</u>	<u>\$ 15,225</u>	<u>(13,693,301)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					6,835,401
Debt Service					1,249,782
Capital Outlay					114,458
Grants and Entitlements not Restricted to Specific Programs					4,627,830
Investment Earnings					85,559
Miscellaneous					535,774
Total General Revenues					<u>13,448,804</u>
Special Item: Gain on Sale of Capital Assets					<u>1,299,371</u>
Change in Net Assets					1,054,874
Restated Net Assets Beginning of Year					3,682,860
Net Assets End of Year					<u>\$ 4,737,734</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2005

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 452,221	\$ 40,155	\$ 997,083	\$ 328,832	\$ 1,818,291
Investments	1,096,722	0	0	0	1,096,722
Receivables:					
Taxes	7,434,866	1,081,779	231,650	0	8,748,295
Intergovernmental	0	0	0	19,719	19,719
Interest	4,806	0	0	0	4,806
Due from Other Funds	0	0	0	13,200	13,200
Interfund Loan Receivable	16,719	0	0	0	16,719
Inventory	0	0	0	13,112	13,112
Restricted Assets:					
Cash and Cash Equivalents	197,753	0	0	0	197,753
Total Assets	\$ 9,203,087	\$ 1,121,934	\$ 1,228,733	\$ 374,863	\$ 11,928,617
Liabilities:					
Accounts Payable	\$ 46,211	\$ 0	\$ 0	\$ 11,416	\$ 57,627
Accrued Wages and Benefits	804,629	0	0	64,589	869,218
Intergovernmental Payable	265,686	0	0	24,004	289,690
Due to Other Funds	13,200	0	0	0	13,200
Interfund Loans Payable	0	0	0	16,719	16,719
Deferred Revenue - Taxes	6,724,866	978,879	219,550	0	7,923,295
Deferred Revenue	3,852	0	0	0	3,852
Early Retirement Incentive Payable	19,884	0	0	0	19,884
Compensated Absences Payable	72,075	0	0	0	72,075
Total Liabilities	7,950,403	978,879	219,550	116,728	9,265,560
Fund Balances:					
Reserved for Encumbrances	180,058	0	51,786	24,247	256,091
Reserved for Supplies Inventory	0	0	0	13,112	13,112
Reserved for Debt Service	0	40,155	0	0	40,155
Reserved for Property Taxes	710,000	102,900	12,100	0	825,000
Statutory Reserves	197,753	0	0	0	197,753
Unreserved, Designated for Budget Stabilization	10,026	0	0	0	10,026
Unreserved, Undesignated in:					
General Fund	154,847	0	0	0	154,847
Special Revenue Funds	0	0	0	211,556	211,556
Capital Projects Funds	0	0	945,297	9,220	954,517
Total Fund Balances	1,252,684	143,055	1,009,183	258,135	2,663,057
Total Liabilities and Fund Balances	\$ 9,203,087	\$ 1,121,934	\$ 1,228,733	\$ 374,863	\$ 11,928,617

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2005

Total Governmental Fund Balances \$ 2,663,057

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 19,751,092

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 744,576

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not
reported in the funds.

Long-Term Notes Payable	(320,000)
General Obligation Bonds Payable	(16,829,655)
Capital Leases Payable	(185,266)
Compensated Absences Payable	(1,009,987)
Accrued Interest Payable	(76,083)
	(18,420,991)

Net Assets of Governmental Activities \$ 4,737,734

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2005

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local Sources:					
Taxes	\$ 6,853,594	\$ 1,248,785	\$ 114,849	\$ 0	\$ 8,217,228
Tuition	88,595	0	0	0	88,595
Food Services	0	0	0	281,668	281,668
Investment Earnings	48,108	0	23,018	10,581	81,707
Extracurricular Activities	0	0	0	74,588	74,588
Class Materials and Fees	0	0	0	80,798	80,798
Intergovernmental - State	4,490,156	104,248	20,837	51,352	4,666,593
Intergovernmental - Federal	0	0	0	748,174	748,174
All Other Revenue	421,302	0	135	166,638	588,075
Total Revenues	11,901,755	1,353,033	158,839	1,413,799	14,827,426
Expenditures:					
Current:					
Instruction	6,966,070	0	116,313	499,240	7,581,623
Supporting Services:					
Pupils	603,262	0	0	206,223	809,485
Instructional Staff	345,336	0	0	72,404	417,740
Board of Education	11,468	0	0	0	11,468
Administration	1,162,291	0	0	0	1,162,291
Fiscal Services	472,237	18,946	4,087	1,004	496,274
Business	18,637	0	0	0	18,637
Operation and Maintenance of Plant	1,230,658	0	0	6,963	1,237,621
Pupil Transportation	419,537	0	0	15,000	434,537
Central	179,758	0	0	35,266	215,024
Operation of Non-Instructional Services:					
Community Services	0	0	0	7,582	7,582
Food Service Operations	2,780	0	0	470,364	473,144
Extracurricular Activities	262,674	0	0	113,734	376,408
Capital Outlay	39,650	0	379,119	100	418,869
Debt Service:					
Principal Retirement	0	405,000	0	0	405,000
Interest and Fiscal Charges	0	910,169	0	0	910,169
Total Expenditures	11,714,358	1,334,115	499,519	1,427,880	14,975,872
Excess (Deficiency) of Revenues Over (Under) Expenditures	187,397	18,918	(340,680)	(14,081)	(148,446)
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	1,321,791	0	1,321,791
Transfers In	0	0	0	8,000	8,000
Transfers Out	(8,000)	0	0	0	(8,000)
Total Other Financing Sources (Uses)	(8,000)	0	1,321,791	8,000	1,321,791
Net Change in Fund Balances	179,397	18,918	981,111	(6,081)	1,173,345
Fund Balances at Beginning of Year	1,073,287	124,137	28,072	265,708	1,491,204
Decrease in Inventory Reserve	0	0	0	(1,492)	(1,492)
Fund Balances End of Year	\$ 1,252,684	\$ 143,055	\$ 1,009,183	\$ 258,135	\$ 2,663,057

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended June 30, 2005***

Net Change in Fund Balances - Total Governmental Funds	\$ 1,173,345
<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 depreciation exceeded capital outlays in the current period.	(490,349)
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net assets.	(22,420)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(13,735)
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	384,624
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.	2,595
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Compensated Absences	(67,511)
Pension Obligation (Intergovernmental Payable)	89,817
Change in Inventory	(1,492)
	<u>20,814</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$ 1,054,874</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 7,065,000	\$ 7,139,311	\$ 7,039,230	\$ (100,081)
Tuition	93,500	90,000	88,595	(1,405)
Investment Earnings	15,025	43,005	48,354	5,349
Intergovernmental - State	4,839,945	4,362,854	4,490,156	127,302
All Other Revenues	351,225	258,025	421,302	163,277
Total Revenues	<u>12,364,695</u>	<u>11,893,195</u>	<u>12,087,637</u>	<u>194,442</u>
Expenditures:				
Current:				
Instruction	7,629,420	7,328,613	6,930,225	398,388
Support Services:				
Pupils	541,942	615,833	576,207	39,626
Instructional Staff	290,177	351,987	324,443	27,544
Board of Education	9,445	16,725	11,517	5,208
Administration	1,152,015	1,196,989	1,156,023	40,966
Fiscal Services	416,273	486,913	467,645	19,268
Business	15,950	23,359	18,787	4,572
Operation and Maintenance of Plant	1,474,432	1,405,170	1,255,586	149,584
Pupil Transportation	309,144	433,901	405,073	28,828
Central	116,392	207,827	179,478	28,349
Food Services	300	3,218	2,759	459
Extracurricular Activities	226,298	317,736	255,383	62,353
Capital Outlay	184	157,310	136,653	20,657
Total Expenditures	<u>12,181,972</u>	<u>12,545,581</u>	<u>11,719,779</u>	<u>825,802</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	182,723	(652,386)	367,858	1,020,244
Other Financing Sources (Uses):				
Sale of Capital Assets	500	500	0	(500)
Transfers Out	0	(8,000)	(8,000)	0
Advances Out	0	(16,719)	(16,719)	0
Total Other Financing Sources (Uses):	<u>500</u>	<u>(24,219)</u>	<u>(24,719)</u>	<u>(500)</u>
Net Change in Fund Balance	183,223	(676,605)	343,139	1,019,744
Fund Balance at Beginning of Year	1,132,861	1,132,861	1,132,861	0
Prior Year Encumbrances	80,665	80,665	80,665	0
Fund Balance at End of Year	<u>\$ 1,396,749</u>	<u>\$ 536,921</u>	<u>\$ 1,556,665</u>	<u>\$ 1,019,744</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2005

	<u>Private Purpose Trust</u>	
	<u>Special Trust Fund</u>	<u>Agency</u>
Assets:		
Cash and Cash Equivalents	\$ 2,068	\$ 38,406
Total Assets	<u>2,068</u>	<u>38,406</u>
Liabilities:		
Due to Students	0	38,406
Total Liabilities	<u>0</u>	<u>38,406</u>
Net Assets:		
Unrestricted	<u>2,068</u>	<u>0</u>
Total Net Assets	<u>\$ 2,068</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2005

	<u>Private Purpose Trust</u>
	<u>Special Trust Fund</u>
Additions:	
Investment Earnings:	
Interest	\$ 45
Total Additions	<u> 45</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u> 100</u>
Total Deductions	<u> 100</u>
Change in Net Assets	(55)
Net Assets at Beginning of Year	<u> 2,123</u>
Net Assets End of Year	<u><u> \$ 2,068</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 58 noncertified and approximately 112 certified teaching personnel and administrative employees providing education to 1,643 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*", in that the statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the District's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The District is a member of the Licking Area Computer Association (LACA), a jointly governed organization which provides computer services to school districts. The Licking County Career and Technical Education Center acts as fiscal agent for LACA. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the District:

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

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

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

Permanent Improvement Fund - This fund is used to account for financial resources to be used for the acquisition of major capital assets.

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

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

C. Basis of Presentation and Measurement Focus - Financial Statements

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

D. Basis of Accounting

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as unearned revenue. Any grants and entitlements which also may be received before the eligibility requirements are met would also be recorded as unearned revenue. Deferred revenues on the governmental fund financial statements are receivables which will not be collected within the available period.

Current property taxes measurable at June 30, 2005, and which are not intended to finance fiscal 2005 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2005 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

E. Budgetary Process

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

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

1. Tax Budget

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2005.

3. Appropriations

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

4. Lapsing of Appropriations

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$179,397
Increase (Decrease):	
Accrued Revenues	
at June 30, 2005,	
received during FY 2006	(727,673)
Accrued Revenues	
at June 30, 2004,	
received during FY 2005	895,636
Accrued Expenditures	
at June 30, 2005,	
paid during FY 2006	1,221,685
Accrued Expenditures	
at June 30, 2004,	
paid during FY 2005	(1,035,875)
Encumbrances Outstanding	(190,031)
Budget Basis	<u>\$343,139</u>

F. Cash and Cash Equivalents

During fiscal year 2005, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

The District has invested funds in the STAR Ohio during 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005. See Note 5, "Cash, Cash Equivalents and Investments."

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, if material. The costs of inventory items are recorded as expenditures in the governmental funds using the purchase method. Inventory is reported on the government-wide financial statements using the consumption method.

I. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

1. Property, Plant and Equipment - Governmental Activities

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

Donated capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Depreciation

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

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	20
Buildings and Improvements	20-50
Machinery, Equipment, Furniture and Fixtures	5-20
Vehicles	8

J. Long-Term Obligations

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

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

K. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 245 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 56.75 days for certified employees or 61 days for noncertified employees, plus one day for each year of service over ten years. Compensated absences accumulated by governmental fund type employees are retired as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the fund financial statements.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include Statutory Set Asides of \$197,753 as well as restricted state and federal grants.

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

M. Pensions

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

N. Interfund Activity

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

O. Reservations/Designations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventory, debt service, property taxes, statutory reserves, and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America, but not available for appropriations under state statute. The amount set-aside by the Board for budget stabilization is reported as a designation of fund balance in the General Fund.

P. Restricted Assets

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Estimates

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2005. Special items are transactions or events that within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2005, the District had a gain of \$1,299,371 from the sale of land.

NOTE 2 – RESTATEMENT OF NET ASSETS AND CHANGE IN ACCOUNTING PRINCIPLE

A. Restatement of Net Assets

During the fiscal year ended June 30, 2005, the District completed a physical inventory and revaluation of all capital assets. The inventory and revaluation resulted in the restatement of capital asset balances at June 30, 2004 for Governmental Type Activities as follows:

	<u>Governmental Activities</u>
Net Assets Balance at June 30, 2004 as reported	\$4,703,912
Revaluation of capital assets	<u>(1,021,052)</u>
Net Assets Balance at June 30, 2004 as restated	<u>\$3,682,860</u>

B. Change in Accounting Principle

The District has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*. Implementation of this GASB had no impact on the District's financial position or results of operation.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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

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

Capital Outlay	\$392,592
Depreciation Expense	<u>(882,941)</u>
	(\$490,349)

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$17,587)
Increase in Interest Earnings	<u>3,852</u>
	(\$13,735)

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

Bond Principal Payment	\$250,000
Interest Accretion	(63,544)
Long-term Notes Payable	155,000
Capital Lease Payment	<u>43,168</u>
	\$384,624

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

A. Excess Expenditures over Appropriations

For the year ended June 30, 2005, expenditures exceeded appropriations at the fund level (i.e., the legal level of budgetary control) as follows:

<u>Fund</u>	<u>Excess</u>
Nonmajor Special Revenue Funds:	
District Managed Student Activities Fund	\$ 25,311
Career Development Fund	47
Management Information Systems Fund	499

The Treasurer will monitor appropriations and expenditures throughout the year to help insure compliance with the Ohio Revised Code Section 5705.41(B).

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Appropriations over Estimated Revenues

Ohio Revised Code requires that appropriations do not exceed estimated revenues. Appropriations exceeded estimated revenues in the following funds at the inception of the original budget or at June 30, 2005:

<u>Fund</u>	<u>Excess</u>
Nonmajor Special Revenue Funds:	
Public School Support Fund	\$ 15,144
Auxiliary Services Fund	1,074
Summer Intervention Fund	3,173
Nonmajor Capital Projects Fund:	
Building Fund	3,037

The Treasurer will monitor appropriations and estimated resources to help insure compliance with the Ohio Revised Code Section 5705.39.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. The District has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Treasurer to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

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

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

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005***

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was a deficit of \$243,379 and the bank balance was \$155,736. A liability was not recorded for the negative carrying amount of deposits based on no actual overdraft of funds due to the "zero balance" nature of the District's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into an overnight repurchase agreement, which is reported as an investment. Federal depository insurance covered \$103,600 of the bank balance and \$52,136 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$52,136</u>
Total Balance	<u><u>\$52,136</u></u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

B. Investments

The District's investments at June 30, 2005 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
Repurchase Agreements	\$326,289	N/A	\$326,289	\$0
STAR Ohio	1,976,908	AAA ^m ²	1,976,908	0
FNMA Bonds	200,000	Aaa ¹ , AAA ²	0	200,000
FHLB Bonds	380,000	Aaa ¹ , AAA ²	0	380,000
FNMA Discount Note	140,245	Aaa ¹ , AAA ²	140,245	0
FHLMC Discount Note	373,177	Aaa ¹ , AAA ²	373,177	0
Total Investments	<u>\$3,396,619</u>		<u>\$2,816,619</u>	<u>\$580,000</u>

¹ Moody's Investor Service

² Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 5.9% are FNMA, 11.2% are FHLB, 4.1% are FNMA Discount Notes and 11% are FHLMC Discounts Notes.

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$2,056,518	\$1,096,722
Certificates of Deposit (with maturities of more than 3 months)	3,300	(3,300)
Repurchase Agreements	(326,289)	326,289
STAR Ohio	(1,976,908)	1,976,908
Per GASB Statement No. 3	<u>(\$243,379)</u>	<u>\$3,396,619</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

D. Reconciliation of Cash, Cash Equivalents and Investments to the Statement of Net Assets

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2005:

Investments (summarized above)	\$3,396,619
Carrying amount of District's deposits	(243,379)
Fiduciary Funds - Cash and Investments	<u>(40,474)</u>
Total Governmental Activities - Cash and Investments	<u><u>\$3,112,766</u></u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2005 were levied after October 1, 2004 on assessed values as of January 1, 2004, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1999 and the last equalization adjustment was made in 2002. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 6 - PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Heath City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2005, upon which the 2004 levies were based, were as follows:

	Assessed Values for Collection in:	
	2004 Second Half	2005 First Half
Agricultural/Residential and Other Real Estate	\$198,958,880	\$204,143,540
Public Utility Personal	6,357,200	6,498,070
Tangible Personal Property	36,850,610	35,135,040
Total Assessed Value	\$242,166,690	\$245,776,650
Tax rate per \$1,000 of assessed valuation	\$50.10	\$50.20

NOTE 7 - RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, intergovernmental, interest and interfund loan receivables. All receivables are expected to be collected within the next year.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2005, is as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$0	\$13,200
Other Governmental Funds	13,200	0
Totals	\$13,200	\$13,200

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

	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$16,719	\$0
Nonmajor Governmental Funds	0	16,719
Totals	\$16,719	\$16,719

The interfund balance represents a loan to nonmajor special revenue funds until these funds receive the remainder of their grants.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 9 – TRANSFERS

Following is a summary of transfers in and out for all funds for fiscal year 2005:

	Transfer In	Transfer Out
General Fund	\$0	\$8,000
Other Governmental Funds	8,000	0
Totals	\$8,000	\$8,000

The transfer from the General Fund was to provide funds for a nonmajor special revenue fund.

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2005:

<i>Historical Cost:</i>	Restated			
Class	June 30, 2004	Additions	Deletions	June 30, 2005
<i>Capital Assets not being depreciated:</i>				
Land	\$461,372	\$0	(\$22,420)	\$438,952
<i>Capital Assets being depreciated:</i>				
Land Improvements	2,056,871	73,951	0	2,130,822
Buildings and Improvements	21,064,686	307,355	(32,675)	21,339,366
Machinery and Equipment	1,051,786	11,286	0	1,063,072
Vehicles	702,088	0	(34,348)	667,740
Total Cost	\$25,336,803	\$392,592	(\$89,443)	\$25,639,952
 <i>Accumulated Depreciation:</i>				
Class	Restated June 30, 2004	Additions	Deletions	June 30, 2005
Land Improvements	(\$520,271)	(\$89,252)	\$0	(\$609,523)
Buildings and Improvements	(3,598,541)	(631,434)	32,675	(4,197,300)
Furniture, Fixtures and Equipment	(487,342)	(117,702)	0	(605,044)
Vehicles	(466,788)	(44,553)	34,348	(476,993)
Total Depreciation	(\$5,072,942)	(\$882,941) *	\$67,023	(\$5,888,860)
<i>Net Value:</i>	\$20,263,861			\$19,751,092

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 10 - CAPITAL ASSETS (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$457,688
Support Services:	
Pupils	17,759
Instructional Staff	56,882
Administration	38,418
Fiscal Services	585
Operations and Maintenance of Plant	47,345
Pupil Transportation	59,649
Central	5,917
Operation of Non-Instructional Services:	
Food Service	35,275
Extracurricular Activities	163,423
Total Depreciation Expense	<u><u>\$882,941</u></u>

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2004, (latest information available) 9.09% was allocated to fund the pension benefit and 4.91% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2005, 2004, and 2003 were \$200,988, \$184,884, and \$174,264, respectively, which were equal to the required contributions for each year.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply. The portion of the 2004 employer contribution rate (latest information available) that was used to fund health care for the year 2004 was 4.91%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2005, the minimum pay has been established as \$27,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$97,208.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 62,000. The target level for the health care reserve is 150% of annual health care expenses before premium deduction. Expenses for health care at June 30, 2004 (the latest information available) were \$223,443,805 and the target level was \$335.2 million. Net assets available for payment of benefits at June 30, 2004 were \$300.8 million.

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2004, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2005, 2004, and 2003 were \$803,580, \$765,732, and \$781,632, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2004, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$57,399 for the District. The balance of the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004, the net health care costs paid by STRS were \$268,739,000. There were 111,853 eligible benefit recipients.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

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

Detail of the changes in the notes, bonds, capital leases payable and compensated absences of the District for the year ended June 30, 2005 is as follows:

		Balance June 30, 2004	Issued	Retired	Balance June 30, 2005	Due Within One Year
Governmental Activities:						
Long-Term Notes Payable:						
Permanent Improvement	4.70%	\$300,000	\$0	(\$100,000)	\$200,000	\$100,000
Energy Conservation Project	4.50%	175,000	0	(55,000)	120,000	60,000
Total Long-Term Notes Payable		475,000	0	(155,000)	320,000	160,000
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	980,000	0	(5,000)	975,000	5,000
School Bus Bonds	5.5-6.1%	50,000	0	(50,000)	0	0
School Improvement Bonds	4.35-5.6%	15,838,718	0	(195,000)	15,643,718	200,000
		16,868,718	0	(250,000)	16,618,718	205,000
Interest Accretion		147,393	63,544	0	210,937	0
Total General Obligation Bonds Payable		17,016,111	63,544	(250,000)	16,829,655	205,000
Capital Leases		228,434	0	(43,168)	185,266	45,659
Compensated Absences		981,604	157,264	(56,806)	1,082,062	102,444
Total Governmental Activities		\$18,701,149	\$220,808	(\$504,974)	\$18,416,983	\$513,103

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2005, follows:

Years	Long-Term Notes Payable		General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$160,000	\$11,415	\$205,000	\$878,967	\$45,659	\$9,252
2007	160,000	3,805	520,000	862,253	48,293	6,618
2008	0	0	545,000	837,534	51,080	3,831
2009	0	0	570,000	811,384	40,234	950
2010	0	0	595,000	783,627	0	0
2011-2015	0	0	1,413,718	5,480,908	0	0
2016-2020	0	0	3,800,000	3,043,254	0	0
2021-2025	0	0	5,215,000	1,799,372	0	0
2026-2028	0	0	3,755,000	323,579	0	0
Totals	<u>\$320,000</u>	<u>\$15,220</u>	<u>\$16,618,718</u>	<u>\$14,820,878</u>	<u>\$185,266</u>	<u>\$20,651</u>

NOTE 13 - CAPITALIZED LEASES

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

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2005:

Year Ending June 30,	Capital Leases
2006	\$54,911
2007	54,911
2008	54,911
2009	41,184
Minimum Lease Payments	205,917
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(20,651)</u>
Present Value of minimum lease payments	<u>\$185,266</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 14 - RISK MANAGEMENT

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

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers. Hylant Group Inc. is the administrator of the OSP and is responsible for processing claims. Harcum-Schuett Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State, based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley, Inc. provides administrative, cost control and actuarial services to the GRP. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The District is currently providing group health care insurance by contracting with Anthem/Blue Cross/Blue Shield, Inc. for commercial health care coverage.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts for textbook and capital acquisition into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization		Total
			Designation	Reserve	
Set-aside Cash Balance as of June 30, 2004, (Restated)	\$18,794	(\$2,756,777)	\$10,026	\$67,516	(\$2,660,441)
Current Year Additions	235,473	235,473	0	0	470,946
Current Year Disbursements	(124,030)	(113,621)	0	0	(237,651)
Set-aside Balance at June 30, 2005	<u>\$130,237</u>	<u>(\$2,634,925)</u>	<u>\$10,026</u>	<u>\$67,516</u>	<u>(\$2,427,146)</u>
Balance Carried Forward to FY2006	<u>\$130,237</u>	<u>(\$2,634,925)</u>	<u>\$10,026</u>	<u>\$67,516</u>	<u>(\$2,427,146)</u>
Restricted Cash Balance at June 30, 2005	<u>\$130,237</u>	<u>\$0</u>	<u>\$0</u>	<u>\$67,516</u>	<u>\$197,753</u>

The District had qualifying disbursements in past years that reduced the set-aside amounts below zero for the Capital Acquisition Reserve and this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The amount restricted for Bureau of Worker’s Compensation refunds is \$67,516 and the amount designated for budget stabilization is \$10,026.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Licking Area Computer Association - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$57,823 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Cory Thompson, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 17 – CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2005.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2005.

C. State School Funding

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

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

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

NOTE 18 – SUBSEQUENT EVENTS

In September 2005, the District refunded School Improvement Bonds by issuing \$9,999,998 of general obligation refunding bonds. In addition, the District obtained a loan in the amount of \$164,000 for the purchase of buses in July 2005.

NOTE 19 – SPECIAL ITEM

In July 2005, the District sold land at the former site of Fulton Middle School. The sale resulted in a gain of \$1,299,371.

HEATH CITY SCHOOL DISTRICT

C*OMBINING AND ***INDIVIDUAL ***F***UND
STATEMENTS AND ***S***CHEDULES**

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

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Food Service Fund

To record financial transactions associated with food service operations.

Uniform School Supply Fund

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

Rotary Fund

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

Public School Support Fund

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

Other Grants Fund

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

District Managed Student Activity Fund

To account for student activity programs which have student participation in the activity, but do not have student management of the programs. Typically this includes athletic programs, band, cheerleaders and other similar types of activities.

Auxiliary Services Fund

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

Career Development Fund

To account for monies received and expended in conjunction with Vocational Education Career Development projects funded by the State of Ohio, Ohio Department of Education, and Division of Vocational Education. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(Continued)

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

Management Information System Fund

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

Data Communication Fund

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

SchoolNet Professional Development Fund

To account for professional development subsidy grants.

Interactive Video Distance Learning Grant Fund

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

OhioReads Fund

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

Summer Intervention Fund

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

Title VI-B Fund

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

Vocational Education Fund

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

Title I Fund

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

Title V Fund

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

Drug Free Grant Fund

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

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

Telecommunications Fund

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

Improving Teacher Quality Fund

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

Other Federal Grants Fund

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

Capital Projects Funds

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

Building Fund

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

Vocational Education Equipment Fund

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

School Net Fund

To account for resources for the acquisition of computer workstations and related technology for every classroom. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

HEATH CITY SCHOOL DISTRICT

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 319,612	\$ 9,220	\$ 328,832
Receivables:			
Intergovernmental	19,719	0	19,719
Due from Other Funds	13,200	0	13,200
Inventory	13,112	0	13,112
Total Assets	<u>\$ 365,643</u>	<u>\$ 9,220</u>	<u>\$ 374,863</u>
Liabilities:			
Accounts Payable	\$ 11,416	\$ 0	\$ 11,416
Accrued Wages and Benefits	64,589	0	64,589
Intergovernmental Payable	24,004	0	24,004
Interfund Loans Payable	16,719	0	16,719
Total Liabilities	<u>116,728</u>	<u>0</u>	<u>116,728</u>
Fund Balances:			
Reserved for Encumbrances	24,247	0	24,247
Reserved for Supplies Inventory	13,112	0	13,112
Unreserved, Undesignated in:			
Special Revenue Funds	211,556	0	211,556
Capital Projects Funds	0	9,220	9,220
Total Fund Balances	<u>248,915</u>	<u>9,220</u>	<u>258,135</u>
Total Liabilities and Fund Balances	<u>\$ 365,643</u>	<u>\$ 9,220</u>	<u>\$ 374,863</u>

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Local Sources			
Food Services	\$ 281,668	\$ 0	\$ 281,668
Investment Earnings	1,396	9,185	10,581
Extracurricular Activities	74,588	0	74,588
Class Materials and Fees	80,798	0	80,798
Intergovernmental - State	36,127	15,225	51,352
Intergovernmental - Federal	748,174	0	748,174
All Other Revenue	166,638	0	166,638
Total Revenue	1,389,389	24,410	1,413,799
Expenditures:			
Current:			
Instruction	483,090	16,150	499,240
Supporting Services:			
Pupils	206,223	0	206,223
Instructional Staff	72,404	0	72,404
Fiscal Services	1,004	0	1,004
Operation and Maintenance of Plant	0	6,963	6,963
Pupil Transportation	15,000	0	15,000
Central	35,266	0	35,266
Operation of Non-Instructional Services:			
Community Services	7,582	0	7,582
Food Service Operations	470,364	0	470,364
Extracurricular Activities	113,734	0	113,734
Capital Outlay	0	100	100
Total Expenditures	1,404,667	23,213	1,427,880
Excess (Deficiency) of Revenues Over Expenditures	(15,278)	1,197	(14,081)
Other Financing Sources (Uses):			
Transfers In	8,000	0	8,000
Total Other Financing Sources (Uses)	8,000	0	8,000
Net Change in Fund Balance	(7,278)	1,197	(6,081)
Fund Balances at Beginning of Year	257,685	8,023	265,708
Decrease in Inventory Reserve	(1,492)	0	(1,492)
Fund Balances End of Year	\$ 248,915	\$ 9,220	\$ 258,135

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005***

	Food Service	Uniform School Supply	Rotary	Public School Support	Other Grants
Assets:					
Cash and Cash Equivalents	\$ 70,789	\$ 51,124	\$ 8,760	\$ 66,654	\$ 8,748
Receivables:					
Intergovernmental	0	0	0	0	0
Due from Other Funds	13,200	0	0	0	0
Inventory	13,112	0	0	0	0
Total Assets	\$ 97,101	\$ 51,124	\$ 8,760	\$ 66,654	\$ 8,748
Liabilities:					
Accounts Payable	\$ 0	\$ 2,358	\$ 45	\$ 6,041	\$ 179
Accrued Wages and Benefits	20,110	0	0	0	0
Intergovernmental Payable	23,640	0	0	0	0
Interfund Loans Payable	0	0	0	0	0
Total Liabilities	43,750	2,358	45	6,041	179
Fund Balances:					
Reserved for Encumbrances	450	33	0	1,442	27
Reserved for Supplies Inventory	13,112	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds	39,789	48,733	8,715	59,171	8,542
Total Fund Balances	53,351	48,766	8,715	60,613	8,569
Total Liabilities and Fund Balances	\$ 97,101	\$ 51,124	\$ 8,760	\$ 66,654	\$ 8,748

HEATH CITY SCHOOL DISTRICT

District Managed Student Activity	Auxiliary Services	Management Information System	Data Communication	SchoolNet Professional Development	Interactive Video Distance Learning Grant
\$ 2,920	\$ 461	\$ 23,438	\$ 5,513	\$ 502	\$ 101
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 2,920</u>	<u>\$ 461</u>	<u>\$ 23,438</u>	<u>\$ 5,513</u>	<u>\$ 502</u>	<u>\$ 101</u>
\$ 2,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,350</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	461	499	0	0	0
0	0	0	0	0	0
570	0	22,939	5,513	502	101
<u>570</u>	<u>461</u>	<u>23,438</u>	<u>5,513</u>	<u>502</u>	<u>101</u>
<u>\$ 2,920</u>	<u>\$ 461</u>	<u>\$ 23,438</u>	<u>\$ 5,513</u>	<u>\$ 502</u>	<u>\$ 101</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005***

	Summer Intervention	Title VI-B	Vocational Education	Title I	Title V
Assets:					
Cash and Cash Equivalents	\$ 3,272	\$ 24,506	\$ 846	\$ 26,580	\$ 1,291
Receivables:					
Intergovernmental	0	0	0	3,000	0
Due from Other Funds	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	\$ 3,272	\$ 24,506	\$ 846	\$ 29,580	\$ 1,291
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 349
Accrued Wages and Benefits	341	18,808	0	25,330	0
Intergovernmental Payable	0	273	0	91	0
Interfund Loans Payable	0	0	0	0	0
Total Liabilities	341	19,081	0	25,421	349
Fund Balances:					
Reserved for Encumbrances	0	2,000	0	0	928
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds	2,931	3,425	846	4,159	14
Total Fund Balances	2,931	5,425	846	4,159	942
Total Liabilities and Fund Balances	\$ 3,272	\$ 24,506	\$ 846	\$ 29,580	\$ 1,291

HEATH CITY SCHOOL DISTRICT

<u>Drug Free Grant</u>	<u>Telecommuni- cations</u>	<u>Improving Teacher Quality</u>	<u>Other Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 7,496	\$ 1,016	\$ 11,098	\$ 4,497	\$ 319,612
5,210	0	11,509	0	19,719
0	0	0	0	13,200
0	0	0	0	13,112
<u>\$ 12,706</u>	<u>\$ 1,016</u>	<u>\$ 22,607</u>	<u>\$ 4,497</u>	<u>\$ 365,643</u>
\$ 0	\$ 0	\$ 94	\$ 0	\$ 11,416
0	0	0	0	64,589
0	0	0	0	24,004
5,210	0	11,509	0	16,719
<u>5,210</u>	<u>0</u>	<u>11,603</u>	<u>0</u>	<u>116,728</u>
7,496	0	10,911	0	24,247
0	0	0	0	13,112
0	1,016	93	4,497	211,556
<u>7,496</u>	<u>1,016</u>	<u>11,004</u>	<u>4,497</u>	<u>248,915</u>
<u>\$ 12,706</u>	<u>\$ 1,016</u>	<u>\$ 22,607</u>	<u>\$ 4,497</u>	<u>\$ 365,643</u>

HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005**

	Food Service	Uniform School Supply	Rotary	Public School Support	Other Grants
Revenues:					
Local Sources:					
Food Services	\$ 281,668	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	1,200	0	72	0	0
Extracurricular Activities	0	0	0	0	0
Class Materials and Fees	0	80,798	0	0	0
Intergovernmental - State	4,331	0	0	0	0
Intergovernmental - Federal	175,848	0	0	0	0
All Other Revenue	8,361	0	6,711	113,907	4,000
Total Revenue	471,408	80,798	6,783	113,907	4,000
Expenditures:					
Current:					
Instruction	0	82,115	6,313	0	789
Supporting Services:					
Pupils	0	0	0	106,595	579
Instructional Staff	0	0	0	779	0
Fiscal Services	0	0	632	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	6,535	0
Operation of Non-Instructional Services					
Community Services	0	0	0	0	0
Food Service Operations	470,364	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	470,364	82,115	6,945	113,909	1,368
Excess (Deficiency) of Revenues					
Over Expenditures	1,044	(1,317)	(162)	(2)	2,632
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	1,044	(1,317)	(162)	(2)	2,632
Fund Balances at Beginning of Year	53,799	50,083	8,877	60,615	5,937
Decrease in Inventory Reserve	(1,492)	0	0	0	0
Fund Balances End of Year	\$ 53,351	\$ 48,766	\$ 8,715	\$ 60,613	\$ 8,569

HEATH CITY SCHOOL DISTRICT

District Managed Student Activity	Auxiliary Services	Career Development	Management Information System	Data Communication	SchoolNet Professional Development	Interactive Video Distance Learning Grant
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
124	0	0	0	0	0	0
74,588	0	0	0	0	0	0
0	0	0	0	0	0	0
0	6,574	0	5,124	12,000	2,925	0
0	0	0	0	0	0	0
21,070	0	0	0	0	0	0
<u>95,782</u>	<u>6,574</u>	<u>0</u>	<u>5,124</u>	<u>12,000</u>	<u>2,925</u>	<u>0</u>
0	0	0	0	0	3,301	1,099
0	0	581	0	0	0	0
0	0	0	0	0	0	0
0	372	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	12,000	0	0
0	7,582	0	0	0	0	0
0	0	0	0	0	0	0
113,734	0	0	0	0	0	0
<u>113,734</u>	<u>7,954</u>	<u>581</u>	<u>0</u>	<u>12,000</u>	<u>3,301</u>	<u>1,099</u>
(17,952)	(1,380)	(581)	5,124	0	(376)	(1,099)
<u>8,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>8,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(9,952)	(1,380)	(581)	5,124	0	(376)	(1,099)
10,522	1,841	581	18,314	5,513	878	1,200
0	0	0	0	0	0	0
<u>\$ 570</u>	<u>\$ 461</u>	<u>\$ 0</u>	<u>\$ 23,438</u>	<u>\$ 5,513</u>	<u>\$ 502</u>	<u>\$ 101</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005**

	OhioReads	Summer Intervention	Title VI-B	Vocational Education	Title I
Revenues:					
Local Sources:					
Food Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Class Materials and Fees	0	0	0	0	0
Intergovernmental - State	2,000	3,173	0	0	0
Intergovernmental - Federal	0	0	289,098	0	227,202
All Other Revenue	0	0	0	0	0
Total Revenue	2,000	3,173	289,098	0	227,202
Expenditures:					
Current:					
Instruction	0	5,625	152,063	38	217,657
Supporting Services:					
Pupils	0	0	83,085	0	0
Instructional Staff	2,000	0	42,395	0	3,904
Fiscal Services	0	0	0	0	0
Pupil Transportation	0	0	15,000	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services					
Community Services	0	0	0	0	0
Food Service Operations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	2,000	5,625	292,543	38	221,561
Excess (Deficiency) of Revenues					
Over Expenditures	0	(2,452)	(3,445)	(38)	5,641
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	0	(2,452)	(3,445)	(38)	5,641
Fund Balances at Beginning of Year	0	5,383	8,870	884	(1,482)
Decrease in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ 0	\$ 2,931	\$ 5,425	\$ 846	\$ 4,159

HEATH CITY SCHOOL DISTRICT

Title V	Drug Free Grant	Telecommuni- cations	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 281,668
0	0	0	0	0	1,396
0	0	0	0	0	74,588
0	0	0	0	0	80,798
0	0	0	0	0	36,127
11,895	12,059	0	25,026	7,046	748,174
0	0	12,589	0	0	166,638
<u>11,895</u>	<u>12,059</u>	<u>12,589</u>	<u>25,026</u>	<u>7,046</u>	<u>1,389,389</u>
12,587	1,503	0	0	0	483,090
0	15,383	0	0	0	206,223
0	0	0	16,280	7,046	72,404
0	0	0	0	0	1,004
0	0	0	0	0	15,000
0	0	16,731	0	0	35,266
0	0	0	0	0	7,582
0	0	0	0	0	470,364
0	0	0	0	0	113,734
<u>12,587</u>	<u>16,886</u>	<u>16,731</u>	<u>16,280</u>	<u>7,046</u>	<u>1,404,667</u>
(692)	(4,827)	(4,142)	8,746	0	(15,278)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,000</u>
(692)	(4,827)	(4,142)	8,746	0	(7,278)
1,634	12,323	5,158	2,258	4,497	257,685
0	0	0	0	0	(1,492)
<u>\$ 942</u>	<u>\$ 7,496</u>	<u>\$ 1,016</u>	<u>\$ 11,004</u>	<u>\$ 4,497</u>	<u>\$ 248,915</u>

HEATH CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005**

	<u>Building</u>	<u>Vocational Education Equipment</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 8,622	\$ 598	\$ 9,220
Total Assets	<u>\$ 8,622</u>	<u>\$ 598</u>	<u>\$ 9,220</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Unreserved, Undesignated in:			
Capital Projects Funds	<u>8,622</u>	<u>598</u>	<u>9,220</u>
Total Fund Balances	<u>8,622</u>	<u>598</u>	<u>9,220</u>
Total Liabilities and Fund Balances	<u>\$ 8,622</u>	<u>\$ 598</u>	<u>\$ 9,220</u>

HEATH CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005***

	Building	Vocational Education Equipment	School Net	Total Nonmajor Capital Projects Funds
Revenues:				
Local Sources:				
Investment Earnings	\$ 9,185	\$ 0	\$ 0	\$ 9,185
Intergovernmental - State	0	0	15,225	15,225
Total Revenue	9,185	0	15,225	24,410
Expenditures:				
Current:				
Instruction	925	0	15,225	16,150
Operation and Maintenance of Plant	6,963	0	0	6,963
Capital Outlay	100	0	0	100
Total Expenditures	7,988	0	15,225	23,213
Excess (Deficiency) of Revenues Over Expenditures	1,197	0	0	1,197
Fund Balances at Beginning of Year	7,425	598	0	8,023
Fund Balances End of Year	\$ 8,622	\$ 598	\$ 0	\$ 9,220

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund – Bond Retirement Fund
For the Fiscal Year Ended June 30, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,259,277	\$ 1,273,302	\$ 1,262,585	\$ (10,717)
Intergovernmental - State	262,267	110,000	104,248	(5,752)
Total Revenues	1,521,544	1,383,302	1,366,833	(16,469)
Expenditures:				
Current:				
Support Services:				
Fiscal Services	18,699	18,950	18,946	4
Debt Service:				
Principal Retirement	405,000	405,000	405,000	0
Interest and Fiscal Charges	910,178	910,177	910,169	8
Total Debt Service	1,333,877	1,315,177	1,315,169	8
Total Expenditures	1,333,877	1,334,127	1,334,115	12
Excess (Deficiency) of Revenues Over (Under) Expenditures	187,667	49,175	32,718	(16,457)
Fund Balance at Beginning of Year	7,437	7,437	7,437	0
Fund Balance at End of Year	\$ 195,104	\$ 56,612	\$ 40,155	\$ (16,457)

HEATH CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Fund – Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 232,537	\$ 94,015	\$ 112,649	\$ 18,634
Investment Earnings	12,300	12,300	23,018	10,718
Intergovernmental - State	21,500	21,500	20,837	(663)
All Other Revenues	230	230	135	(95)
Total Revenues	266,567	128,045	156,639	28,594
Expenditures:				
Instructional Services	116,117	165,939	140,119	25,820
Support Services:				
Fiscal Services	3,850	4,100	4,087	13
Capital Outlay	166,700	439,200	409,186	30,014
Total Expenditures	286,667	609,239	553,392	55,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,100)	(481,194)	(396,753)	84,441
Other Financing Sources (Uses):				
Sale of Capital Assets	1,170,694	1,321,791	1,321,791	0
Total Other Financing Sources (Uses):	1,170,694	1,321,791	1,321,791	0
Net Change in Fund Balance	1,150,594	840,597	925,038	84,441
Fund Balance at Beginning of Year	16,112	16,112	16,112	0
Prior Year Encumbrances	4,147	4,147	4,147	0
Fund Balance at End of Year	\$ 1,170,853	\$ 860,856	\$ 945,297	\$ 84,441

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

FOOD SERVICE FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Food Services	\$ 279,700	\$ 277,700	\$ 281,668	\$ 3,968
Intergovernmental - State	4,000	4,000	4,331	331
Intergovernmental - Federal	101,000	101,000	124,332	23,332
All Other Revenues	9,300	9,300	8,361	(939)
Total Revenues	<u>394,000</u>	<u>392,000</u>	<u>418,692</u>	<u>26,692</u>
Expenditures:				
Non-Instructional Services:				
Food Service Operations	<u>405,379</u>	<u>413,921</u>	<u>398,480</u>	<u>15,441</u>
Total Expenditures	<u>405,379</u>	<u>413,921</u>	<u>398,480</u>	<u>15,441</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,379)	(21,921)	20,212	42,133
Fund Balance at Beginning of Year	49,753	49,753	49,753	0
Prior Year Encumbrances	<u>374</u>	<u>374</u>	<u>374</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,748</u>	<u>\$ 28,206</u>	<u>\$ 70,339</u>	<u>\$ 42,133</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

UNIFORM SCHOOL SUPPLY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Class Material and Fees	\$ 81,775	\$ 85,325	\$ 80,798	\$ (4,527)
All Other Revenues	200	200	0	(200)
Total Revenues	81,975	85,525	80,798	(4,727)
Expenditures:				
Instructional Services	120,349	130,909	79,853	51,056
Total Expenditures	120,349	130,909	79,853	51,056
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,374)	(45,384)	945	46,329
Fund Balance at Beginning of Year	49,104	49,104	49,104	0
Prior Year Encumbrances	1,042	1,042	1,042	0
Fund Balance at End of Year	\$ 11,772	\$ 4,762	\$ 51,091	\$ 46,329

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

ROTARY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Investment Earnings	\$ 50	\$ 50	\$ 72	\$ 22
All Other Revenues	7,150	7,150	6,711	(439)
Total Revenues	<u>7,200</u>	<u>7,200</u>	<u>6,783</u>	<u>(417)</u>
Expenditures:				
Instructional Services	10,125	14,793	6,313	8,480
Support Services:				
Pupils	60	60	0	60
Fiscal Services	107	647	647	0
Total Expenditures	<u>10,292</u>	<u>15,500</u>	<u>6,960</u>	<u>8,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,092)	(8,300)	(177)	8,123
Fund Balance at Beginning of Year	8,937	8,937	8,937	0
Fund Balance at End of Year	<u>\$ 5,845</u>	<u>\$ 637</u>	<u>\$ 8,760</u>	<u>\$ 8,123</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

PUBLIC SCHOOL SUPPORT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 80,530	\$ 80,530	\$ 113,907	\$ 33,377
Total Revenues	80,530	80,530	113,907	33,377
Expenditures:				
Support Services:				
Pupils	108,099	142,433	108,072	34,361
Instructional Staff	2,540	2,540	779	1,761
Central	11,449	11,449	6,535	4,914
Total Expenditures	122,088	156,422	115,386	41,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,558)	(75,892)	(1,479)	74,413
Fund Balance at Beginning of Year	57,502	57,502	57,502	0
Prior Year Encumbrances	3,246	3,246	3,246	0
Fund Balance at End of Year	\$ 19,190	\$ (15,144)	\$ 59,269	\$ 74,413

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

OTHER GRANTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 1,000	\$ 4,500	\$ 4,000	\$ (500)
Total Revenues	1,000	4,500	4,000	(500)
Expenditures:				
Instructional Services	3,467	3,466	964	2,502
Support Services:				
Pupils	1,394	1,394	400	994
Fiscal Services	1,077	1,077	0	1,077
Total Expenditures	5,938	5,937	1,364	4,573
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,938)	(1,437)	2,636	4,073
Fund Balance at Beginning of Year	5,147	5,147	5,147	0
Prior Year Encumbrances	790	790	790	0
Fund Balance at End of Year	\$ 999	\$ 4,500	\$ 8,573	\$ 4,073

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

DISTRICT MANAGED STUDENT ACTIVITY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 80	\$ 130	\$ 124	\$ (6)
Extracurricular Activities	64,200	74,610	74,588	(22)
All Other Revenues	60,000	22,000	21,070	(930)
Total Revenues	124,280	96,740	95,782	(958)
Expenditures:				
Extracurricular Activities	81,099	90,312	115,623	(25,311)
Total Expenditures	81,099	90,312	115,623	(25,311)
Excess (Deficiency) of Revenues Over (Under) Expenditures	43,181	6,428	(19,841)	(26,269)
Other Financing Sources (Uses):				
Transfers In	0	8,000	8,000	0
Total Other Financing Sources (Uses)	0	8,000	8,000	0
Net Change in Fund Balance	43,181	14,428	(11,841)	(26,269)
Fund Balance at Beginning of Year	1,807	1,807	1,807	0
Prior Year Encumbrances	10,609	10,609	10,609	0
Fund Balance at End of Year	\$ 55,597	\$ 26,844	\$ 575	\$ (26,269)

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

AUXILIARY SERVICES FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	\$ 5,500	\$ 5,500	\$ 6,574	\$ 1,074
Total Revenues	5,500	5,500	6,574	1,074
Expenditures:				
Support Services:				
Fiscal Services	226	372	372	0
Community Services	5,413	8,927	8,927	0
Total Expenditures	5,639	9,299	9,299	0
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(139)	(3,799)	(2,725)	1,074
Fund Balance at Beginning of Year				
Prior Year Encumbrances	2,429	2,429	2,429	0
Fund Balance at End of Year	\$ 2,586	\$ (1,074)	\$ 0	\$ 1,074

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

CAREER DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Support Services:				
Pupils	534	534	581	(47)
Total Expenditures	534	534	581	(47)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(534)	(534)	(581)	(47)
Fund Balance at Beginning of Year	401	401	401	0
Prior Year Encumbrances	180	180	180	0
Fund Balance at End of Year	\$ 47	\$ 47	\$ 0	\$ (47)

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

MANAGEMENT INFORMATION SYSTEM FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues:				
Intergovernmental - State	\$ 6,000	\$ 6,000	\$ 5,124	\$ (876)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>5,124</u>	<u>(876)</u>
Expenditures:				
Support Services:				
Business	0	0	499	(499)
Total Expenditures	<u>0</u>	<u>0</u>	<u>499</u>	<u>(499)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,000	6,000	4,625	(1,375)
Fund Balance at Beginning of Year	<u>18,314</u>	<u>18,314</u>	<u>18,314</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,314</u>	<u>\$ 24,314</u>	<u>\$ 22,939</u>	<u>\$ (1,375)</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

DATA COMMUNICATION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - State	\$ 12,000	\$ 12,000	\$ 12,000	\$ 0
Total Revenues	12,000	12,000	12,000	0
Expenditures:				
Support Services:				
Central	17,513	17,513	12,000	5,513
Total Expenditures	17,513	17,513	12,000	5,513
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,513)	(5,513)	0	5,513
Fund Balance at Beginning of Year	5,513	5,513	5,513	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 5,513	\$ 5,513

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	\$ 2,925	\$ 2,925	\$ 2,925	\$ 0
Total Revenues	2,925	2,925	2,925	0
Expenditures:				
Instructional Services	3,803	3,803	3,301	502
Total Expenditures	3,803	3,803	3,301	502
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(878)	(878)	(376)	502
Fund Balance at Beginning of Year				
Fund Balance at End of Year	878	878	878	0
	\$ 0	\$ 0	\$ 502	\$ 502

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

INTERACTIVE VIDEO DISTANCE LEARNING GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Instructional Services	1,200	1,200	1,099	101
Total Expenditures	1,200	1,200	1,099	101
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,200)	(1,200)	(1,099)	101
Fund Balance at Beginning of Year	101	101	101	0
Prior Year Encumbrances	1,099	1,099	1,099	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 101	\$ 101

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

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

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

SUMMER INTERVENTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Intergovernmental - State	\$ 0	\$ 3,173	\$ 3,173	\$ 0
Total Revenues	<u>0</u>	<u>3,173</u>	<u>3,173</u>	<u>0</u>
Expenditures:				
Instructional Services	8,886	8,886	5,614	3,272
Total Expenditures	<u>8,886</u>	<u>8,886</u>	<u>5,614</u>	<u>3,272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,886)	(5,713)	(2,441)	3,272
Fund Balance at Beginning of Year	5,713	5,713	5,713	0
Fund Balance at End of Year	<u>\$ (3,173)</u>	<u>\$ 0</u>	<u>\$ 3,272</u>	<u>\$ 3,272</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	TITLE VI-B FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 289,098	\$ 289,098	\$ 289,098	\$ 0
Total Revenues	<u>289,098</u>	<u>289,098</u>	<u>289,098</u>	<u>0</u>
Expenditures:				
Instructional Services:	162,054	162,054	146,326	15,728
Support Services:				
Pupils	87,085	87,085	83,085	4,000
Instructional Staff	47,047	47,047	44,269	2,778
Pupil Transportation	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Expenditures	<u>311,186</u>	<u>311,186</u>	<u>288,680</u>	<u>22,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,088)	(22,088)	418	22,506
Fund Balance at Beginning of Year	22,088	22,088	22,088	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,506</u>	<u>\$ 22,506</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - Federal	\$ 850	\$ 850	\$ 0	\$ (850)
Total Revenues	<u>850</u>	<u>850</u>	<u>0</u>	<u>(850)</u>
Expenditures:				
Instructional Services	732	732	38	694
Total Expenditures	<u>732</u>	<u>732</u>	<u>38</u>	<u>694</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	118	118	(38)	(156)
Fund Balance at Beginning of Year	884	884	884	0
Fund Balance at End of Year	<u>\$ 1,002</u>	<u>\$ 1,002</u>	<u>\$ 846</u>	<u>\$ (156)</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	TITLE I FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 232,041	\$ 232,041	\$ 224,202	\$ (7,839)
Total Revenues	<u>232,041</u>	<u>232,041</u>	<u>224,202</u>	<u>(7,839)</u>
Expenditures:				
Instructional Services	243,775	246,215	216,635	29,580
Support Services:				
Instructional Staff	3,904	3,904	3,904	0
Total Expenditures	<u>247,679</u>	<u>250,119</u>	<u>220,539</u>	<u>29,580</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,638)	(18,078)	3,663	21,741
Fund Balance at Beginning of Year	22,715	22,715	22,715	0
Prior Year Encumbrances	202	202	202	0
Fund Balance at End of Year	<u>\$ 7,279</u>	<u>\$ 4,839</u>	<u>\$ 26,580</u>	<u>\$ 21,741</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	TITLE V FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 11,895	\$ 11,895	\$ 11,895	\$ 0
Total Revenues	11,895	11,895	11,895	0
Expenditures:				
Instructional Services	13,597	13,597	13,583	14
Total Expenditures	13,597	13,597	13,583	14
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,702)	(1,702)	(1,688)	14
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	1,702	1,702	1,702	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 14	\$ 14

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG FREE GRANT FUND				
Revenues:				
Intergovernmental - Federal	\$ 6,850	\$ 6,850	\$ 6,849	\$ (1)
Total Revenues	<u>6,850</u>	<u>6,850</u>	<u>6,849</u>	<u>(1)</u>
Expenditures:				
Instructional Services	1,512	1,512	1,512	0
Support Services:				
Pupils	2,100	2,100	2,100	0
Instructional Staff	<u>20,770</u>	<u>20,770</u>	<u>20,770</u>	<u>0</u>
Total Expenditures	<u>24,382</u>	<u>24,382</u>	<u>24,382</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,532)	(17,532)	(17,533)	(1)
Other Financing Sources (Uses):				
Advances In	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>0</u>
Net Change in Fund Balance	(12,322)	(12,322)	(12,323)	(1)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>12,323</u>	<u>12,323</u>	<u>12,323</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ (1)</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

TELECOMMUNICATIONS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 20,000	\$ 20,000	\$ 12,589	\$ (7,411)
Total Revenues	20,000	20,000	12,589	(7,411)
Expenditures:				
Support Services:				
Central	4,236	17,747	16,731	1,016
Total Expenditures	4,236	17,747	16,731	1,016
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	15,764	2,253	(4,142)	(6,395)
Fund Balance at Beginning of Year	5,108	5,108	5,108	0
Prior Year Encumbrances	50	50	50	0
Fund Balance at End of Year	\$ 20,922	\$ 7,411	\$ 1,016	\$ (6,395)

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

IMPROVING TEACHER QUALITY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 14,244	\$ 14,448	\$ 13,517	\$ (931)
Total Revenues	14,244	14,448	13,517	(931)
Expenditures:				
Support Services:				
Instructional Staff:	27,442	27,344	27,250	94
Total Expenditures	27,442	27,344	27,250	94
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,198)	(12,896)	(13,733)	(837)
Other Financing Sources (Uses):				
Advances In	11,509	11,509	11,509	0
Total Other Financing Sources (Uses)	11,509	11,509	11,509	0
Net Change in Fund Balance	(1,689)	(1,387)	(2,224)	(837)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	2,318	2,318	2,318	0
Fund Balance at End of Year	\$ 629	\$ 931	\$ 94	\$ (837)

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

OTHER FEDERAL GRANTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 5,878	\$ 7,150	\$ 7,046	\$ (104)
Total Revenues	5,878	7,150	7,046	(104)
Expenditures:				
Support Services:				
Instructional Staff	6,972	7,046	7,046	0
Total Expenditures	6,972	7,046	7,046	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,094)	104	0	(104)
Fund Balance at Beginning of Year	4,497	4,497	4,497	0
Fund Balance at End of Year	\$ 3,403	\$ 4,601	\$ 4,497	\$ (104)

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005***

BUILDING FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Investment Earnings	\$ 2,000	\$ 4,500	\$ 9,185	\$ 4,685
Total Revenues	<u>2,000</u>	<u>4,500</u>	<u>9,185</u>	<u>4,685</u>
Expenditures:				
Instructional Services	925	925	925	0
Supporting Services:				
Operation and Maintenance of Plant Services	7,000	13,937	6,963	6,974
Capital Outlay	100	100	100	0
Total Expenditures	<u>8,025</u>	<u>14,962</u>	<u>7,988</u>	<u>6,974</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,025)	(10,462)	1,197	11,659
Fund Balance at Beginning of Year	<u>7,425</u>	<u>7,425</u>	<u>7,425</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,400</u>	<u>\$ (3,037)</u>	<u>\$ 8,622</u>	<u>\$ 11,659</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005***

VOCATIONAL EDUCATION EQUIPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Instructional Services	598	598	0	598
Total Expenditures	598	598	0	598
Excess (Deficiency) of Revenues Over (Under) Expenditures	(598)	(598)	0	598
Fund Balance at Beginning of Year	598	598	598	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 598	\$ 598

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005***

SCHOOL NET FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues:				
Intergovernmental - State	\$ 25,225	\$ 25,225	\$ 15,225	\$ (10,000)
Total Revenues	<u>25,225</u>	<u>25,225</u>	<u>15,225</u>	<u>(10,000)</u>
Expenditures:				
Instructional Services	15,225	15,225	15,225	0
Total Expenditures	<u>15,225</u>	<u>15,225</u>	<u>15,225</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	10,000	0	(10,000)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 10,000</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (10,000)</u></u>

HEATH CITY SCHOOL DISTRICT

Fiduciary Fund

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

Agency Fund

Student Managed Activity Fund

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

HEATH CITY SCHOOL DISTRICT

***Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2005***

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$37,991	\$126,608	(\$126,193)	\$38,406
Total Assets	<u>\$37,991</u>	<u>\$126,608</u>	<u>(\$126,193)</u>	<u>\$38,406</u>
Liabilities:				
Due to Students	\$37,991	\$126,608	(\$126,193)	\$38,406
Total Liabilities	<u>\$37,991</u>	<u>\$126,608</u>	<u>(\$126,193)</u>	<u>\$38,406</u>

HEATH CITY SCHOOL DISTRICT

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

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2005***

Capital Assets

Land	\$438,952
Land Improvements	2,130,822
Buildings and Improvements	21,339,366
Machinery and Equipment	1,063,072
Vehicles	667,740
	<hr/>
Total Capital Assets	<u><u>\$25,639,952</u></u>

Investment in Capital Assets from:

General Fund	\$4,756,771
Special Revenue Fund	724,979
Capital Project Funds	20,158,202
	<hr/>
Total Investment in Capital Assets	<u><u>\$25,639,952</u></u>

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2005***

Function and Activity	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Vehicles	Total
Instruction	\$0	\$776,618	\$20,638,067	\$651,447	\$0	\$22,066,132
Support Services:						
Instructional Staff	0	0	0	220,047	0	220,047
Administration	0	0	116,806	72,587	0	189,393
Operation and Maintenance of Plant	0	0	107,000	5,797	46,677	159,474
Pupil Transportation	0	121,739	349,642	9,613	621,063	1,102,057
Central	0	0	0	29,586	0	29,586
Operations of Non-Instructional Services:						
Food Service Operations	0	0	0	65,801	0	65,801
Extracurricular Activities	0	1,232,465	127,851	8,194	0	1,368,510
Facility Acquisition and Improvement	438,952	0	0	0	0	438,952
Total Capital Assets	<u>\$438,952</u>	<u>\$2,130,822</u>	<u>\$21,339,366</u>	<u>\$1,063,072</u>	<u>\$667,740</u>	<u>\$25,639,952</u>

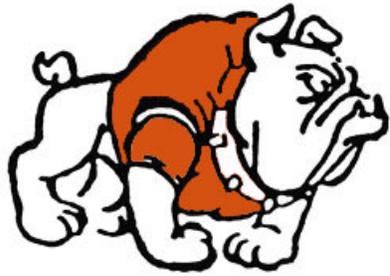
HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2005***

Function and Activity	Restated June 30, 2004	Additions	Deletions	June 30, 2005
Instruction	\$21,865,777	\$200,355	\$0	\$22,066,132
Support Services:				
Instructional Staff	214,558	5,489	0	220,047
Administration	189,393	0	0	189,393
Operation and Maintenance of Plant	46,677	112,797	0	159,474
Pupil Transportation	1,169,080	0	(67,023)	1,102,057
Central	29,586	0	0	29,586
Operations of Non-Instructional Services:				
Food Service Operations	65,801	0	0	65,801
Extracurricular Activities	1,294,559	73,951	0	1,368,510
Facility Acquisition and Improvement	461,372	0	(22,420)	438,952
Total Capital Assets	<u>\$25,336,803</u>	<u>\$392,592</u>	<u>(\$89,443)</u>	<u>\$25,639,952</u>

STATISTICAL SECTION

Heath City School District



STATISTICAL TABLES

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

HEATH CITY SCHOOL DISTRICT

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

Year	Instructional Services	Pupils	Instructional Staff	Board of Education and Administration	Fiscal Services	Business	Operation and Maintenance of Plant	Subtotal
1996 a	\$3,754,054	\$440,015	\$228,908	\$714,478	\$259,513	\$74,530	\$577,162	\$6,048,660
1997 b	3,904,658	472,098	266,260	749,229	302,810	51,650	604,111	6,350,816
1998 b	3,893,379	427,074	287,335	786,174	314,891	110,929	706,486	6,526,268
1999 b	4,543,627	478,355	286,163	817,381	312,569	16,003	801,530	7,255,628
2000 b	5,007,976	503,357	356,954	915,944	382,453	32,435	810,501	8,009,620
2001 b	5,802,932	540,511	401,606	961,925	333,600	28,461	859,407	8,928,442
2002 b	5,952,355	570,355	421,002	977,438	382,730	17,890	1,008,194	9,329,964
2003 b	6,164,762	606,857	320,171	1,019,189	402,059	29,763	1,111,487	9,654,288
2004 b	6,746,028	645,741	410,181	1,091,297	456,192	31,456	1,351,689	10,732,584
2005 b	7,449,160	809,485	417,740	1,173,759	492,187	18,637	1,230,658	11,591,626

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

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

(Continued)

HEATH CITY SCHOOL DISTRICT

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

Year	Pupil Transportation	Central	Operation of Non-Instructional Services	Extracurricular Activities	Other	Debt Services	Subtotal Page 2	Total
1996 a	\$259,467	\$34,757	\$1,114	\$190,348	\$0	\$45,841	\$531,527	\$6,580,187
1997 b	191,953	41,689	6,788	194,578	3,101	83,495	521,604	6,872,420
1998 b	239,337	46,123	33,909	180,415	3,053	184,632	687,469	7,213,737
1999 b	314,317	137,245	36,787	272,077	197,670 (2)	178,118	1,136,214	8,391,842
2000 b	276,831	112,203	50,762	242,938	143,408 (2)	220,218	1,046,360	9,055,980
2001 b	448,592	133,836	14,972	305,602	102,249 (2)	997,629	2,002,880	10,931,322
2002 b	314,004	162,022	1,326	291,521	67,104 (2)	1,264,492	2,100,469	11,430,433
2003 b	430,318	190,127	7,109	369,323	39,287 (2)	1,271,098	2,307,262	11,961,550
2004 b	350,581	218,065	442,687 (3)	355,806	125,971 (2)	1,324,204	2,817,314	13,549,898
2005 b	434,537	215,024	480,726 (3)	376,408	39,650 (2)	1,315,169	2,861,514	14,453,140

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

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

(2) Includes Other Expenditures and Capital Outlay

(3) Includes Community Services and Food Service Operations

HEATH CITY SCHOOL DISTRICT

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN YEARS

Year		Taxes	Tuition and Fees	Food Services (2)	Investment Earnings	Extracurricular Activities	Intergovernmental Revenues	All Other	Total
1996	a	\$4,877,788	\$12,333	\$0	\$12,083	\$63,531	\$100,185	\$1,422,011	\$6,487,931
1997	b	4,865,663	27,614	0	248	72,583	1,868,239	101,732	6,936,079
1998	b	5,397,330	16,155	0	91,570	82,074	2,096,273	124,984	7,808,386
1999	b	6,099,304	42,592	0	73,446	58,642	2,349,206	200,216	8,823,406
2000	b	5,654,331	61,129	0	76,691	54,117	2,511,861	149,965	8,508,094
2001	b	6,736,729	109,700	0	102,015	60,091	2,916,421	180,243	10,105,199
2002	b	7,217,229	113,533	0	30,011	58,882	3,874,413	164,118	11,458,186
2003	b	7,659,918	111,934	0	15,183	62,599	4,330,570	318,127	12,498,331
2004	b	7,932,912	190,950	280,018	15,657	63,930	5,142,776	334,515	13,960,758
2005	b	8,102,379	88,595	281,668	49,504	74,588	5,378,705	668,738	14,644,177

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

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

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

HEATH CITY SCHOOL DISTRICT

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS**

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</u>
1995	\$5,089,474	\$5,014,918	\$181,967	\$5,196,885	102.11%	\$346,057	6.80%
1996	5,135,951	4,919,942	135,847	5,055,789	98.44%	321,456	6.26%
1997	5,362,353	5,649,147	86,162	5,735,309	106.96%	186,266	3.47%
1998	5,855,193	5,436,190	198,193	5,634,383	96.23%	228,252	3.90%
1999	6,467,714	5,303,187	104,776	5,407,963	83.61%	1,059,752	16.39%
2000	6,782,280	6,384,904	100,674	6,485,578	95.63%	296,702	4.37%
2001	8,214,783	7,687,500	154,855	7,842,355	95.47%	372,428	4.53%
2002	8,111,945	7,264,837	175,228	7,440,065	91.72%	671,881	8.28%
2003	9,449,244	8,546,846	128,238	8,675,084	91.81%	774,160	8.19%
2004	9,516,753	8,321,361	327,818	8,649,179	90.88%	867,574	9.12%

Source: Licking County Auditor

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

HEATH CITY SCHOOL DISTRICT

ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY LAST TEN CALENDAR YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1995	\$112,909,910	\$322,599,743	\$8,049,430	\$8,049,430	\$46,029,380	\$184,117,520	\$166,988,720	\$514,766,693	32.44%
1996 **	126,591,240	361,689,257	7,860,160	7,860,160	47,552,130	190,208,520	182,003,530	559,757,937	32.51%
1997	132,339,250	378,112,143	7,594,650	7,594,650	47,019,450	188,077,800	186,953,350	573,784,593	32.58%
1998	145,418,700	415,482,000	8,135,630	8,135,630	42,289,650	169,158,600	195,843,980	592,776,230	33.04%
1999 *	169,063,570	483,038,771	7,546,730	7,546,730	44,507,210	178,028,840	221,117,510	668,614,341	33.07%
2000	172,295,770	492,273,629	7,851,500	7,851,500	44,052,160	176,208,640	224,199,430	676,333,769	33.15%
2001	178,918,700	511,196,286	6,389,920	6,389,920	45,300,500	181,202,000	230,609,120	698,788,206	33.00%
2002 **	195,425,090	558,357,400	6,531,640	6,531,640	38,931,420	155,725,680	240,888,150	720,614,720	33.43%
2003	198,958,880	568,453,943	6,357,200	6,357,200	36,850,610	147,402,440	242,166,690	722,213,583	33.53%
2004	204,143,540	583,267,257	6,498,070	6,498,070	35,135,040	140,540,160	245,776,650	730,305,487	33.65%

Source: Licking County Auditor

* Reappraisal

** Update

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

HEATH CITY SCHOOL DISTRICT

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

Tax Year	Heath City School District				City of Heath	Career and Technical Education Center	Licking County	Total
	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Total				
1995	38.90	0.00	1.20	40.10	3.90	2.00	6.70	52.70
1996	38.90	0.00	1.20	40.10	3.90	2.00	7.20	53.20
1997	41.90	0.00	1.20	43.10	5.40	2.00	7.20	57.70
1998	41.90	0.00	1.20	43.10	5.40	2.00	7.20	57.70
1999	41.90	0.00	1.20	43.10	5.40	2.00	7.20	57.70
2000	41.90	5.28	1.20	48.38	5.40	2.00	7.20	62.98
2001	41.90	5.12	1.20	48.22	5.40	2.00	7.20	62.82
2002	44.50	4.82	1.20	50.52	5.40	3.00	7.20	66.12
2003	44.50	4.40	1.20	50.10	5.40	2.80	7.20	65.50
2004	44.50	4.50	1.20	50.20	5.40	3.00	7.20	65.80

Source: Licking County Auditor
Licking County Treasurer

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

HEATH CITY SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2005

Net Assessed Valuation	\$245,776,650
Legal Debt Limitation (%) (1)	9.00%
Legal Debt Limitation (\$) (1)	22,119,899
Applicable District Debt Outstanding	17,029,655
Less: Applicable Debt Service Fund Amounts	<u>(40,155)</u>
Net Indebtedness Subject to Limitation	<u>16,989,500</u>
Overall Legal Debt Margin	<u><u>\$5,130,399</u></u>
Legal Debt Limitation (%) (1)	0.10%
Legal Debt Limitation (\$) (1)	245,777
Applicable District Debt Outstanding	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$245,777</u></u>
Legal Debt Limitation (%) (1)	0.90%
Legal Debt Limitation (\$) (1)	2,211,990
Applicable District Debt Outstanding	<u>120,000</u>
Unvoted Energy Conservation Notes Legal Debt Margin	<u><u>\$2,091,990</u></u>

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

HEATH CITY SCHOOL DISTRICT

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

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
2000	8,527	\$221,117,510	\$1,168,350	\$91,824	\$1,076,526	0.49%	\$126.25
2001	8,527	224,199,430	17,423,336	47,890	17,375,446	7.75%	2,037.70
2002	8,527	230,609,120	17,338,411	69,993	17,268,418	7.49%	2,025.15
2003	8,527	240,888,150	17,204,818	34,979	17,169,839	7.13%	2,013.58
2004	8,527	242,166,690	17,016,111	7,437	17,008,674	7.02%	1,994.68
2005	8,527	245,776,650	16,829,655	40,155	16,789,500	6.83%	1,968.98

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

(1) City of Heath 2000 Census.

(2) Source: Licking County Auditor

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

HEATH CITY SCHOOL DISTRICT

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

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
2000	\$0	\$0	\$0	\$9,055,980	0.00%
2001	15,000	751,440	766,440	10,931,322	7.01%
2002	118,350	918,735	1,037,085	11,430,433	9.07%
2003	175,000	912,695	1,087,695	11,961,550	9.09%
2004	240,000	902,945	1,142,945	13,549,898	8.44%
2005	250,000	891,274	1,141,274	14,453,140	7.90%

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

HEATH CITY SCHOOL DISTRICT

**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
JUNE 30, 2005**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Heath City School District	Amount Applicable to Heath City School District
Direct			
Heath City School District	\$16,989,500	100.00%	\$16,989,500
Overlapping Subdivisions			
City of Heath	7,425,000	94.10%	6,986,925
Licking County	14,837,526	7.56%	1,121,717
		Subtotal	8,108,642
		Total	\$25,098,142

Source: Licking County Auditor and Fiscal Officers of Subdivision.

HEATH CITY SCHOOL DISTRICT

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>		<u>Heath City Population (1)</u>	<u>Licking County Population (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate Licking County (4)</u>
1996	a	8,000	142,678	1,369	5.1%
1997	a	8,100	145,384	1,434	3.9%
1998	a	8,100	148,140	1,471	3.8%
1999	a	8,100	150,951	1,535	3.8%
2000	b	8,527	154,520	1,537	3.6%
2001	b	8,527	157,610	1,566	3.2%
2002	b	8,527	145,491	1,619	3.6%
2003	b	8,527	145,491	1,681	4.5%
2004	b	8,527	148,731	1,641	6.0%
2005	b	8,527	151,705	1,643	6.1%

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

HEATH CITY SCHOOL DISTRICT

PROPERTY VALUE AND CONSTRUCTION PERMITS LAST TEN CALENDAR YEARS

Year	Residential		Commercial	
	Number of Permits	Property Value	Number of Permits	Property Value
1995	53	\$6,655,138	6	\$779,286
1996	45	7,037,765	10	5,310,100
1997	28	4,646,240	7	3,645,000
1998	43	5,738,269	15	8,315,306
1999	56	8,326,708	10	8,827,000
2000	49	7,063,709	13	15,440,000
2001	34	5,118,088	9	2,436,000
2002	35	5,414,235	16	12,726,221
2003	131	9,321,805	11	6,247,450
2004	79	5,344,486	24	8,509,200

Source: City of Heath Building Department

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

HEATH CITY SCHOOL DISTRICT

*PRINCIPAL TAXPAYERS (TANGIBLE PERSONAL PROPERTY TAX)
DECEMBER 31, 2004*

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1 Meritor Automotive, Inc.	Heavy Truck Axles	\$8,314,920	23.67%
2 Kaiser Aluminum and Chemical Corporation	Aluminum Products	5,054,960	14.39%
3 Lowe's	Home Improvement Center	1,644,520	4.68%
4 Mathews Ford, Inc.	Automotive Sales and Service	1,371,930	3.90%
5 Marathon Petroleum Corp.	Petroleum Products	1,360,570	3.87%
6 Wal*Mart Stores, Inc.	Retail Store	1,277,730	3.64%
7 Koch Materials Company	Manufacturing	862,770	2.46%
8 JLH Automotive	Automotive Dealership	839,840	2.39%
9 Sears Roebuck & Company	Retail Store	753,750	2.15%
10 Target Corp.	Retail	749,760	2.13%
	Sub-Total	22,230,750	63.28%
	All Others	12,904,290	36.72%
	Total	<u>\$35,135,040</u>	<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2004

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

HEATH CITY SCHOOL DISTRICT

**PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2004**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1 Glimcher Properties Limited Partnership	Development	\$16,687,060	7.92%
2 Southgate Association Limited Partnership	Shopping Center	5,388,020	2.56%
3 Cross Creek Limited Partnership	Shopping Center	3,651,590	1.73%
4 Ohio Power Co.	Utility Company - Electric	3,446,830	1.64%
5 Lowe's	Retail	3,407,820	1.62%
6 Heathwood Village Ltd Partnership	Apartments	3,097,820	1.47%
7 Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,039,620	1.44%
8 Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,628,010	1.25%
9 Alltel Ohio, Inc.	Utility Company - Telephone	2,219,580	1.05%
10 Chapel Grove Limited	Senior Citizen Condos and Assisted Living	1,832,190	0.87%
	Sub-Total	45,398,540	21.55%
	All Others	165,243,070	78.45%
	Total	\$210,641,610	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2004

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

HEATH CITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS DECEMBER 31, 2004

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

Source: City of Heath Income Tax Department

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

HEATH CITY SCHOOL DISTRICT

MISCELLANEOUS STATISTICS

JUNE 30, 2005

Date of Incorporation	1922
Form of Government	School - Political Subdivision
Area (square miles)	11.29
Miles traveled by Transportation Fleet for the 2004-2005 School Year	135,856
Meals Served by Food Service Department for the 2004-2005 School Year	126,525

<u>School Buildings</u>	<u>Grade Levels</u>	<u>Enrollment</u>
Heath High School	9 - 12	484
Heath Middle School	6 - 8	402
Stevenson Elementary School	3 - 5	375
Garfield Elementary School	K - 2	382

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

STAFF STATISTICS

JUNE 30, 2005

Average classroom teacher salary	\$46,943
Average classroom teacher experience	12.47 years
Districtwide student/teacher ratio	15.5:1

Certified Staff

Classroom Teachers	95
Instructional Support	11
Administrators and Supervisors	8

Support Staff

Administration	1
Operations	1
Maintenance	10
Transportation	13
Clerical	9
Aides	8
Food Service	18

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

TEACHERS EDUCATION AND EXPERIENCE STATISTICS

JUNE 30, 2005

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	14	13.2%
Bachelor + 15	23	21.7%
Master's Degree	50	47.2%
Master's + 15	10	9.4%
Master's + 30	9	8.5%
Total	106	100.0%

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	35	33.0%
6 - 10	20	18.9%
11 - 15	19	17.9%
16 - 20	8	7.6%
21 - 25	6	5.7%
26 and over	18	17.0%
Total	106	100.0%

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

COST PER PUPIL STATISTICS LAST TEN YEARS

<u>Fiscal Year</u>	<u>General Governmental Expenditures</u>	<u>Enrollment</u>	<u>Cost per Pupil</u>
1996	\$6,580,187	1,369	\$4,807
1997	6,872,420	1,434	4,792
1998	7,213,737	1,471	4,904
1999	8,391,842	1,535	5,467
2000	9,055,980	1,537	5,892
2001	10,931,322	1,566	6,980
2002	11,430,433	1,619	7,060
2003	11,961,550	1,681	7,116
2004	13,549,898	1,641	8,257
2005	14,453,140	1,643	8,797

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

TRANSPORTATION STATISTICS

JUNE 30, 2005

Number of assigned school buses in fleet	16
Average age of school buses in fleet	12.9
Number of bus drivers	14
Number of miles driven per day	887
Number of miles driven annually	152,564
Average miles per bus	9,535

Students Transported per Day

Public School	1,081
Non-public School	23
Handicapped	24
Preschool	<u>12</u>
Total	1,140
Percent of student enrollment transported	76.0%

Source: District Treasurer's Office

HEATH CITY SCHOOL DISTRICT

ENROLLMENT STATISTICS LAST TEN YEARS

Fiscal Year	K	1	2	3	4	5	6	7	8	9	10	11	12	JVS	Total
1996	86	106	97	101	116	102	128	110	103	121	87	89	78	45	1,369
1997	97	100	103	111	109	129	111	124	102	109	112	95	86	46	1,434
1998	97	113	102	111	127	114	129	119	134	118	113	84	69	41	1,471
1999	98	107	128	101	114	131	127	134	126	140	115	94	80	40	1,535
2000	110	121	108	143	107	111	137	128	127	127	121	80	78	39	1,537
2001	109	124	132	100	155	112	115	143	122	121	125	85	72	51	1,566
2002	114	117	121	130	106	154	128	128	148	126	123	85	82	57	1,619
2003	111	130	122	115	134	116	158	145	135	158	120	89	90	58	1,681
2004	113	134	130	120	117	140	120	154	136	128	134	77	85	53	1,641
2005	115	132	135	131	119	125	141	116	145	135	118	93	75	63	1,643

Source: District Treasurer's Office



**Auditor of State
Betty Montgomery**

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800-282-0370

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HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 17, 2006**