



**Auditor of State
Betty Montgomery**

HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY

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HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Fund Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
<i>Passed Through Ohio Department of Education:</i>							
Nutrition Cluster:							
Food Distribution Program	N/A	006	10.550	\$ -	\$ 180,621	\$ -	\$ 180,621
National School Lunch Program	047019-LLP4-2002 047019-LLP4-2003	006	10.555	65,560 414,470 <u>480,030</u>		65,560 414,470 <u>480,030</u>	
Total U.S. Department of Agriculture - Nutrition Cluster				<u>480,030</u>	<u>180,621</u>	<u>480,030</u>	<u>180,621</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>							
<i>Passed Through Ohio Department of Education:</i>							
Title I Grants to Local Educational Agencies (ESEA Title I)	047019-C1S1-2002 047019-C1S1-2003	572	84.010	35,929 193,324 <u>229,253</u>		65,232 187,381 <u>252,613</u>	
Special Education Cluster:							
Special Education Grants to States - Title VI-B	047019-6BSF-2002-P	516	84.027	251,332		138,389	
Special Education Grants to States - Part B-Idea	047019-6BSF-2003-P			967,457		955,553	
Special Education - Preschool Grant	047019-PGS1-2002-P 047019-PGS1-2003-P	587	84.173	19,190 22,131 <u>41,321</u>		22,064 <u>22,064</u>	
Total Special Education Cluster				<u>1,260,110</u>		<u>1,116,006</u>	
Safe and Drug-Free Schools and Communities Grant	047019-DRS1-2002 047019-DRS1-2003	584	84.186	(12,453) 19,160 <u>6,707</u>		1,969 31,647 <u>33,616</u>	
Eisenhower Professional Development State Grants Title II, Part B	047019-MSS1-2001 047019-MSS1-2002	514	84.281	19,913 (14,950) <u>4,963</u>		20,549 22,075 <u>42,624</u>	
Innovative Educational Program Strategies	047019-C2S1-2001 047019-C2S1-2002 047019-C2S1-2003	573	84.298	7,543 49,614 68,325 <u>125,482</u>		7,993 17,709 66,577 <u>92,279</u>	
Education Technology State Grants	047019-TJS1-2003	599-0300	84.318	1,146		6,291	
Class Size Reduction	047019-CRS1-2001 047019-CRS1-2002	599-1001 599-0200	84.340	18,614 77,396 <u>96,010</u>		7,634 108,937 <u>116,571</u>	
Assistive Technology Grants	047019-ATS2-2002 047019-ATS3-2002	599-0005 599-0006	84.352A	34,971 20,849 <u>55,820</u>		30,574 20,124 <u>50,698</u>	
English Language Acquisition Grant	047019-T3S1-2003	551-0300	84.365	62,940		60,015	
Improving Teacher Quality	047019-TRS1-2003	590-0300	84.367	68,320		129,963	
Total U. S. Department of Education				<u>1,910,751</u>		<u>1,900,676</u>	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
<i>Passed Through Ohio Department of MRDD:</i>							
Medical Assistance Program		001-0000	93.778	244,444		244,444	
Total U.S. Department of Health and Human Services				<u>244,444</u>		<u>244,444</u>	
TOTALS				<u>\$ 2,635,225</u>	<u>\$ 180,621</u>	<u>\$ 2,625,150</u>	<u>\$ 180,621</u>

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

**HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – TRANSFER BETWEEN SPECIAL COST CENTER

The US Department of Education (USDOE) makes grant awards available to the Ohio Department of Education (ODE), in general, for a period of 27 months. During that time, ODE is required to comply with program regulations and grant funds to local educational agencies for use in programs conducted in their local area. Using the same time frame as granted by the USDOE, ODE would award formula grants for a period of 27 months.

Each year beginning July 1, USDOE would provide another grant award to ODE for subgranting to local agencies. This created an overlap of grant awards to local agencies where up to 3 grant programs could be operating at the same time for exactly the same purpose. Under this scenario, each grant program was treated separately with separate reporting and management requirements.

Beginning July 2002, a revised process was instituted by ODE to fund grants on a yearly cycle. For effective management of the grant projects from the USDOE, ODE chose this method for several reasons. First, a July 1 to June 30 fiscal period for each project aligns the project periods for all Federal and state projects as well as puts the projects on the same timing as the school's fiscal year mandated by the Ohio Revised Code. Second, this system permits the local educational agency to manage only one project from ODE rather than 3 under the previous system.

The transfers between cost centers are as follows:

Grant Name	CFDA Number	Transfer Out	Special Cost Center	Transfer In	Special Cost Center
Drug Free Schools Grant	84.186	\$ 12,453	2002	\$ 12,453	2003

NOTE C – TRANSFERS DUE TO ELIMINATION OF CFDA's

Starting July 1, 2003, the Ohio Department of Education (ODE) combined the following CFDA numbers; 84.281 and 84.340, into CFDA 84.367. The ODE required that the funds carried over from grant year 2002 be transferred to the CFDA 84.367. The following table indicates the funds the District transferred between the aforementioned CFDA numbers for year end June 30, 2003:

Grant	CFDA Number	Transfer In/(Out)
Eisenhower Professional Development State Grants – Title II, Part B	84.281	\$ (14,950)
Class Size Reduction Grant	84.340	\$ (13,717)
Title II A – State Grants for Improving Teaching Quality	84.367	\$ 28,667

NOTE D – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the basic financial statements of Hilliard City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated February 20, 2004, wherein we noted the District adopted *Governmental Accounting Standards Board No. 34* and reclassified certain funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 20, 2004.

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www.auditor.state.oh.us

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

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

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

Betty Montgomery
Auditor of State

February 20, 2004



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated February 20, 2004.

Schedule of Federal Awards Receipts and Expenditures

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hilliard City School District, Franklin County, Ohio as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 20, 2004, wherein we noted the District adopted *Governmental Accounting Standards Board Statement No. 34* and reclassified certain funds. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the 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 the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

February 20, 2004

HILLIARD CITY SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: Special Education Grants to States – CFDA # 84.027 and Special Education Preschool Grant – CFDA # 84.173 Improving Teacher Quality – Title II-D – CFDA # 84.367
<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

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

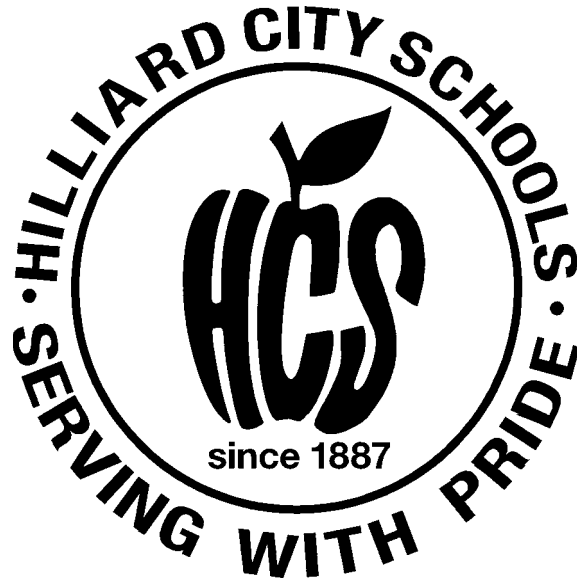
None

3. FINDINGS FOR FEDERAL AWARDS

None

Hilliard City School District

Hilliard, Ohio



Comprehensive Annual Financial Report

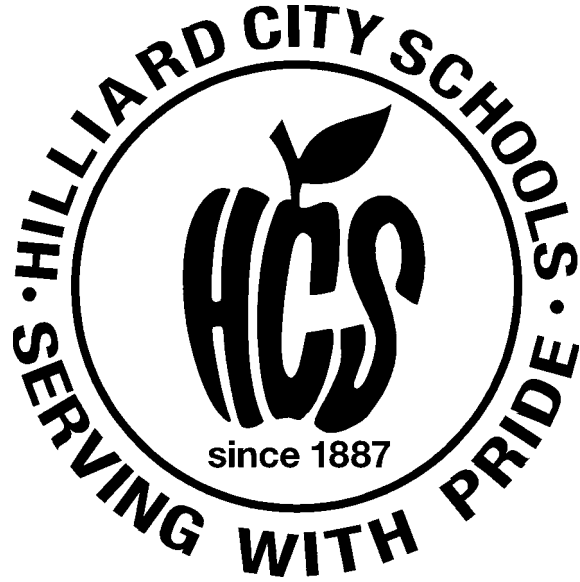
For Fiscal Year Ended June 30, 2003

Issued by:
Office of the Treasurer

Matt A. Feasel
Treasurer

Hilliard City School District

Hilliard, Ohio



Introductory Section

HILLIARD CITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2003

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**Hilliard City School District
Elected Officials and Administrative Staff
as of June 30, 2003**

BOARD OF EDUCATION MEMBERS

President
Vice President
Member
Member
Member

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

APPOINTED OFFICIALS

Superintendent
Treasurer

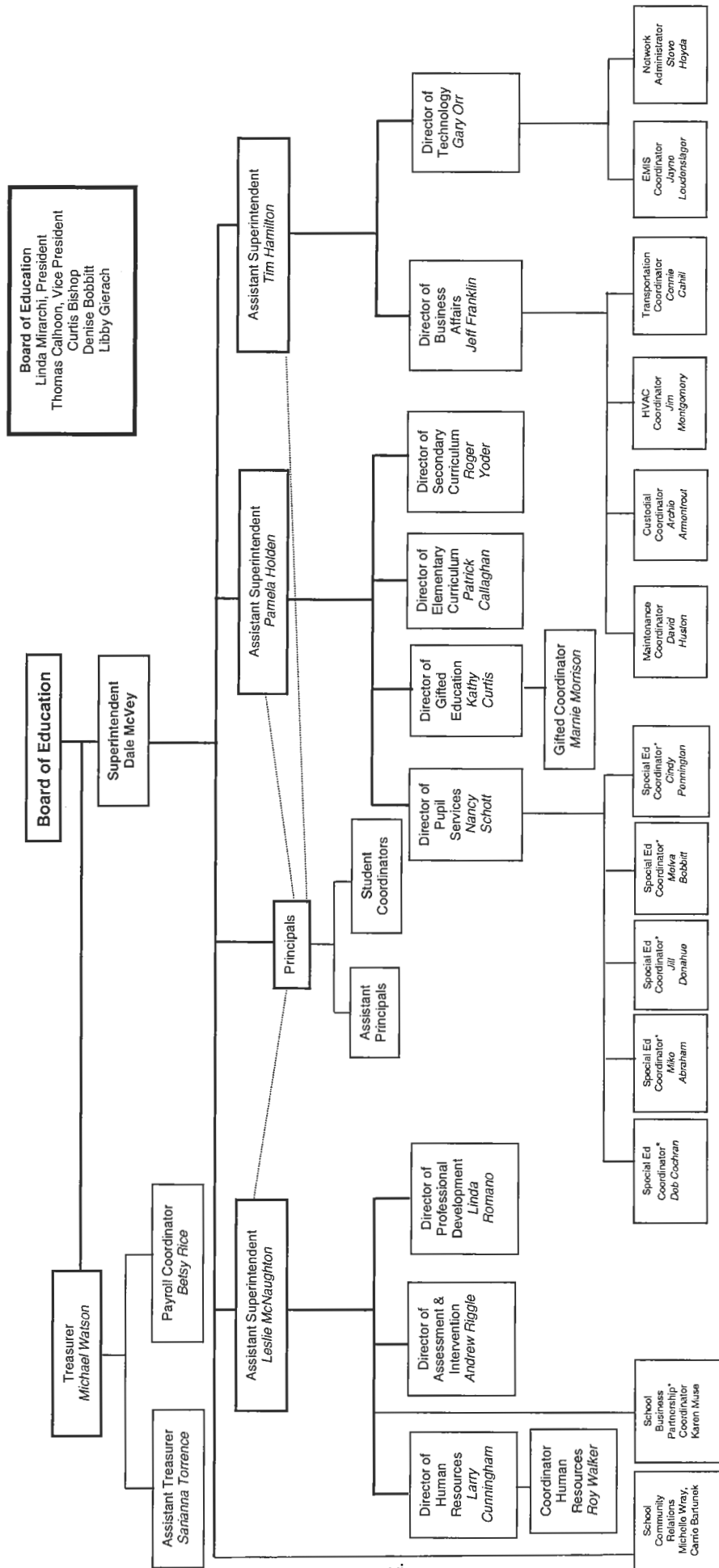
Dale A. McVey
Matt A. Feasel

ADMINISTRATIVE STAFF

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

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

Hilliard City School District
2003



*City/County



Hilliard City School District

Dale A. McVey, Superintendent

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

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

5323 Cemetery Road • Hilliard, Ohio 43026 • (614) 771-4273 • FAX (614) 777-2424 • www.hilliard.k12.oh.us

February 20, 2004

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

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

This CAFR is presented in three sections:

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

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

Reporting Entity

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

HILLIARD CITY SCHOOL DISTRICT

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

The District is a participant among 120 educational focused entities in a joint venture to operate the Metropolitan Educational Council (MEC). The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. MEC is governed by a board of directors consisting of a member of the Board of Education and a member of the administrative staff from each of the participating members. The District has an equity interest that is explicit and not measurable in that the joint venture agreement stipulates that the participants will share in net obligations or asset liquidations and likewise shall participate in proceeds from sale of assets upon liquidation. MEC is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial statements for MEC can be obtained from Metropolitan Educational Council administrative offices at 6100 Channingway Boulevard, Suite 604, Columbus, OH 43232-2986.

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

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

The District's reporting entity includes the following:

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

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

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

HILLIARD CITY SCHOOL DISTRICT

Economic Condition and Outlook

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

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

	1993	2003
Assessed Valuation	\$822,282,640	\$2,047,541,919
Student Enrollment	7,900	13,854

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

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

Historically, variations in the general economy have not caused high unemployment among residents of the District. Unemployment in the Franklin County Area, as listed by the Ohio Bureau of Employment Services, was 5.5 percent for the period ending June 30, 2003. This rate of unemployment was below the Ohio rate of unemployment of 6.3 percent and the national unemployment rate of 6.4 percent for the same period. We therefore, do not expect delinquency rates in the District's property tax revenue to increase at a rate any greater than experienced by other school districts throughout Ohio.

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

HILLIARD CITY SCHOOL DISTRICT

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

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

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

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

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

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

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

HILLIARD CITY SCHOOL DISTRICT

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 on its future State funding and its financial operations.

Major Initiatives

Current Year Projects

The Hilliard City School District continues to see significant growth. A study conducted by Planning Advocates, Inc., an independent statistical consulting firm, projects the district will grow by at least 400 students each year for the next several years. The district served 13,854 students in kindergarten through 12th grade in the 2002-2003 school year.¹ Planning Advocates projects Hilliard City Schools to serve 17,298 students by 2011-2012. The District employed more than 1,700 staff members.

One of the most significant accomplishments for the district came just before the start of 2003-2004 school year when Hilliard City Schools received an "excellent" rating on the state's 2003 Local Report Card released in August. Hilliard City Schools met 21 of the 22 possible indicators to receive the "excellent" rating. That is up 2 indicators from the previous year's 19, and reflects a total increase of 7 indicators in just four years. Hilliard City Schools met all of the state indicators on the 6th grade and 9th grade proficiency test scores and met all but the science indicator on the 4th grade proficiency test scores.

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

- Successfully pass a bond issue to meet the future housing needs of our student population.
- Design and implement curriculum aligned with standards, research and best practices to engage students in learning experiences which promote student achievement.
- Provide educational programming that addresses the diversity of the student population.
- Develop and implement focused professional development for all staff.

The District was not successful in passing a bond issue, though continued to make it a priority by adopting a similar goal for the 2003-2004 school year.

Activities underway during the 2003-04 school year

Growth continues to be a major issue this school year. In November, voters rejected a bond issue for the third time. As a result of the repeated failures, the district formed the "Growth Issues Community Group." More than 100 people strong, the group met for the first time in January 2004 to look at ways to meet the district's long-term needs regarding growth. The Growth Issues Community Group is comprised of those who were a part of the 2001 growth issue committee; those who served on the secondary housing committee; members of the redistricting committee; and community volunteers (the largest group). The committee is slated to present its findings to the Board of Education in June 2004.

¹ According to the Average Daily Membership (ADM) as reported to the State of Ohio in October 2002.

HILLIARD CITY SCHOOL DISTRICT

The Board and Superintendent also made passing an operating levy a major goal this school year. The first attempt in November was unsuccessful. The Board will place a second attempt on the March 2004 ballot.² Regardless of the outcome of the levy, the District will make \$10 million of reductions over the course of the next three years. Currently, the District has reduced \$5.17 million from next year's budget; the remaining \$4.8 million will be reduced from school years 2005-2006 and 2006-2007.

This year's other major initiatives are:

- Design and implement curriculum aligned with standards, research and best practices to engage students in learning experiences which promote student achievement.
- Provide educational programming that addresses the diversity of the student population.
- Develop and implement focused professional development which impacts student achievement for all staff.
- Develop a shared understanding of the implications and programmatic changes in regard to ESEA, "No Child Left Behind," standards and other district, state and federal initiatives.

Accomplishments

Hilliard City Schools was in the national spotlight in September when the principal of Hilliard Memorial Middle School was named the 2003 MetLife/NASSP National Middle Level Principal of the Year -- the first principal at any level in Ohio to receive the distinction. The award was given for demonstrating excellence in resolving complex problems, involving the local community in the life of the school, and consistent success in improving Hilliard Memorial's overall learning environment.

Other accomplishments were:

- The Hilliard Darby Symphonic choir, Men's Chorus, and Women's Chorus received Superior ratings in Class AA at the O.M.E.A. District XV Large Group Adjudicated Events.
- Twelve Hilliard School ceramics students had work displayed in the national K-12 Ceramics Exhibit that was held March 12-15 in San Diego, Calif.
- Twenty-eight Hilliard School band members participated in the annual American School Band Directors Association State Honors Band in early March. The students attended intensive rehearsals under the direction of Galen Karriker (University of Akron) and Dr. Stephen Gage (Youngstown State) in both junior high and high school honors bands. The culminating concert was an outstanding display of the musical talent found in Hilliard Schools and around the state.
- The American Scholastic Press Association recognized Hilliard Davidson High School's 2002 Memories Yearbook for excellence in publication. The 2002 book earned a score of first place in the annual contest. This marks a seven-year tradition of excellence for the Hilliard Davidson High School yearbook staff. Regina Meyer is The Hilliard Davidson High School yearbook advisor. Co-editors are Julia Deininger, Jenni Hatch and Jenn McQuiston. Thirty-seven juniors and seniors worked together to create the yearbook.
- Ten Hilliard teachers earned certification from the National Board of Professional Teaching Standards.

² Due to the presidential elections of 2004, the spring primary is March 2, 2004; also known as Super Tuesday.

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Financial Information

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

- **Government-wide financial statements** – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses.
- **Fund financial statements** – These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.
- **Statement of budgetary comparisons** – This statement presents comparisons of actual information to the legally adopted budget for the general fund. The budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the District. The discussion is located in the financial section of this report, following the audit opinion, and provides an assessment of the Districts' finances of 2002-03.

Internal Controls

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

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

The concept of reasonable assurance recognizes that:

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

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

HILLIARD CITY SCHOOL DISTRICT

Budgetary Controls

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

1. A tax budget of estimated cash receipts and disbursements is submitted to the Franklin County Auditor as secretary of the County Budget Commission by January 20 of each year for the fiscal year commencing the following July 1. The District's Board of Education adopts the tax budget at its first January meeting.
2. The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.
3. An annual appropriations measure is passed by October 1 of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the encumbered year. The Board of Education normally adopts a temporary appropriations measure at its June meeting for the period of July 1 through September 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations at the fund level.

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

General Government Functions

Revenue Narrative:

Revenues for all governmental fund types totaled \$122,101,328 in 2003, as compared to \$122,290,819 in 2002. The following table summarizes the composition of the 2003 and 2002 revenues by source in thousands:

HILLIARD CITY SCHOOL DISTRICT

<u>Revenues by source</u>	<u>2003</u>		<u>2002</u>		<u>Increase (Decrease)</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Property Taxes	\$70,972	63.4%	\$74,805	61.2%	(5.12)%
Intergovernmental	44,171	33.2%	39,836	32.6%	10.88 %
Investment Income	1,030	1.7%	1,964	1.6%	(47.56)%
Other	5,928	1.7%	5,685	4.6%	4.27 %
TOTAL	\$122,101	100.0%	\$122,290	100.0%	(0.16)

The decrease in property tax revenues is primarily due to the timing of the certification of property tax revenues in the current year by the County Auditor. Property tax revenues are recognized based on the amounts certified by the County Auditor as of June 30 of each year, which based on collections, may significantly fluctuate from year to year. In the current year this fluctuation represents an approximately 5.12 % decrease in tax revenue over prior year.

Intergovernmental revenues consist mainly of grants-in-aid from the State of Ohio and the Federal government. The 10.88% increase is due to the increase in State basic aid resulting from student enrollment growth, and increases to the basic aid formula and parity aid funding established by the State legislature, as well as increases provided by the Federal government through Federal funding projects. Investment earnings decreased 47.56% due mainly to the lower rates as expected as well as less money on hand as construction projects are nearing completion.

Expenditure Narrative:

Expenditures for all governmental fund types totaled \$141,411,748 in 2003, as compared to \$134,947,121 in 2002. The following table summarizes the composition of the 2003 and 2002 expenditures by major function in thousands:

<u>Expenditure by Function</u>	<u>2003</u>		<u>2002</u>		<u>Increase (Decrease)</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Current:					
Instructional Services	\$67,819	48.0%	\$63,007	46.7%	7.6 %
Support Services	44,289	31.3%	40,791	30.2%	8.6 %
Extracurricular Activities	2,498	1.8%	2,008	1.5%	24.4 %
Food Service	3,335	2.3%	3,189	2.4%	4.6 %
Community Services	1,331	1.0%	1,392	1.0%	(4.4)%
Capital Outlay	8,948	6.3%	11,569	8.6%	(22.7)%
Debt Service:					
Principal Retirement	6,891	4.9%	6,455	4.8%	6.8 %
Interest/Fiscal Charge	6,202	4.4%	6,536	4.8%	(5.1)%
TOTAL	\$141,412	100.0%	\$134,947	100.0%	4.7%

HILLIARD CITY SCHOOL DISTRICT

The comparative schedule indicates that total expenditures increased by 4.7%. This increase is primarily a result of continued increased enrollment in student population, and annual increases to employee compensation and corresponding benefits. The decrease in capital outlay is a result of completed construction of buildings and permanent improvements provided through the proceeds of the fiscal year 2000 bond issue. Debt service requirements have been managed so total annual principal and interest payments will be fairly consistent for the next five years.

Fiduciary Funds

Agency Funds

Agency Funds are comprised of two funds: The Student Activity Fund and the Section 125 Fund. The Student Activity Fund is comprised of assets held by the Board of Education that have been accumulated through extracurricular activities that are controlled directly by the students. The Section 125 Fund is comprised of assets held by the Board of Education for employees participating in a qualified cafeteria plan that are generated through employee payroll deductions. On June 30, 2003, total combined assets held in Agency Funds amounted to \$325,382.

Debt Administration

On June 30, 2003, the District had general obligation bonds outstanding consisting of \$132,025,500. The bonds consist of eight issues: \$3,000,000 issued September 1, 1981 for the purpose of construction and school improvements; \$35,000,000 issued February 1, 1996 for the purpose of construction and school improvements; \$54,200,000 issued March 1, 2000 for the purpose of construction and school improvements; \$5,000,000 issued June 15, 2001 for the purpose of construction and school improvement; \$20,560,000 advanced refunding bonds issued March 1, 1992 to defease bonds issued October 1, 1987 for the purpose of construction and school improvements; \$8,584,000 advanced refunding bonds issued May 10, 1993 to defease bonds issued February 1, 1990 for the purpose of construction and school improvements; \$500,000 and \$15,899,176 advanced refunding bonds issued December 1, 1997 to defease bonds issued January 1, 1992 for the purpose of construction and school improvements; and, \$1,000,000 and \$31,444,656 advanced refunding bonds issued June 15, 2001 to defease bonds issued March 1, 1995 for the purpose of construction and school improvements.

Cash Management

The District maintains an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash. Cash temporarily idle during the year was invested in demand deposits, obligations of the U.S. Treasury, State Treasury Asset Reserve of Ohio (STAR Ohio), and repurchase agreements. The District earned interest revenue of \$1,029,779 on all investments for the year ended June 30, 2003. The Treasurer, as custodian of all District monies, is responsible for investing idle funds and directing the investment policy of the District.

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

HILLIARD CITY SCHOOL DISTRICT

is less than 30 days. State law does not require security for public deposits and investments to be maintained in the District's name.

Risk Management

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the year ended June 30, 2003 were audited by the Auditor of the State of Ohio, Betty Montgomery, whose opinion thereon is included at the beginning of the Financial Section of this report.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

AWARD PROGRAM

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

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

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

HILLIARD CITY SCHOOL DISTRICT

ACKNOWLEDGMENTS

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

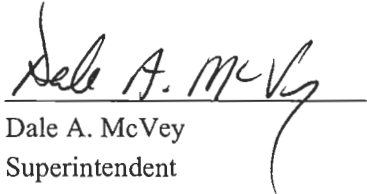
This year we would like to extend special recognition to Sarianna Torrence, Assistant Treasurer, whose responsibility includes the preparation of the Comprehensive Annual Financial Report. Her dedication, skills, and demand for excellence in financial reporting are noteworthy and greatly appreciated.

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

Respectfully submitted,



Matt A. Feasel
Treasurer



Dale A. McVey
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hilliard City School
District, Ohio

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

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



A handwritten signature in black ink, reading "William Patrick Costa".

President

A handwritten signature in black ink, reading "Jeffrey R. Emswiler".

Executive Director

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Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

Hilliard City School District
Franklin County
5323 Cemetery Road
Hilliard, Ohio 43206

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hilliard City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hilliard City School District, Franklin County, Ohio, as of June 30, 2003, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 21, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, and reclassified certain funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

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

Betty Montgomery
Auditor of State

February 20, 2004

Hilliard City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

As management of the Hilliard City School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the District's financial statements, which follow this section.

Financial Highlights

The District's net assets are \$40,781,271 as of June 30, 2003 according to the Statement of Net Assets. This represents a decrease of \$11,765,693 or 22.4% over last year. The decrease in net assets is a direct result of expenses continuing to out pace revenue sources.

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

The current five-year forecast, prepared by the District as mandated by state law, reflects a need for an immediate operating levy. The District is in the process of evaluating the amount of such levy request as well as planning potential current cutbacks.

The General Fund reported a positive fund balance of \$9,575,810.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$40,781,271 according to the Statement of Net Assets at the close of the most recent fiscal year.

The largest portions of the District's net assets (62.4%) reflects its investment in capital assets less depreciation and any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves usually are not used to liquidate these liabilities.

A comparative analysis of fiscal year 2003 to 2002 follows from the Statements of Net Assets:

Hilliard City School District		
Net Assets		
<u>Governmental Activities</u>		
	<u>2003</u>	<u>2002</u>
Current assets	\$ 124,864,612	149,979,393
Capital assets	<u>139,872,790</u>	<u>136,230,346</u>
Total assets	<u>264,737,402</u>	<u>286,209,739</u>
Current liabilities	89,861,684	94,453,501
Long-term liabilities	<u>134,094,447</u>	<u>139,209,274</u>
Total liabilities	<u>223,956,131</u>	<u>233,662,775</u>
Net Assets:		
Invested in capital, net of debt	25,451,988	24,072,135
Restricted	6,048,566	8,518,405
Unrestricted	<u>9,280,717</u>	<u>19,956,424</u>
Total net assets	<u>\$ 40,781,271</u>	<u>\$ 52,546,964</u>

A portion of the District's net assets (14.8%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing activities.

Hilliard City School District	
Changes in Net Assets	
<u>Governmental Activities</u>	
	<u>2003</u>
Program revenues:	
Charges for services	\$ 5,206,607
Federal grants	3,141,352
State grants	701,641
General revenues:	
Property taxes	68,780,772
State entitlements	40,443,840
Investment income	1,029,779
Other	<u>721,144</u>
Total revenues	<u>120,025,135</u>
Program expenses:	
Instructional	72,973,378
Support services	45,007,927
Co-curricular student activities	2,663,286
Community services	1,596,524
Interest on long-term debt	6,201,510
Food service	<u>3,348,203</u>
Total expenses	<u>131,790,828</u>
Increase(decrease) in net assets	<u>\$ (11,765,693)</u>

Governmental Activities

Net assets of the District’s governmental activities decreased by \$11,765,693. The decrease in net assets is a direct result of expenses continuing to out pace revenue sources.

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

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

Programs	Total Cost of Services	Net Cost of Service
	2003	2003
Instructional services	\$ 72,973,378	70,075,111
Support services	45,007,927	44,152,629
Extracurricular	2,663,286	2,216,990
Community services	1,596,524	(62,999)
Food services	3,348,203	157,987
Interest on long-term debt	6,201,510	6,201,510
Total	<u>131,790,828</u>	<u>122,741,228</u>

Local property taxes make up 57.3% of total revenues for governmental activities. The net services column reflecting the need for \$122,741,228 of support indicates the reliance on general revenues to support governmental activities.

The District’s Funds

The District’s governmental funds reported a fund balance of \$34,677,476, which represents a decrease of \$19,135,805 as compared to last year’s total of \$53,813,281 according to the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances. The schedule below shows the fund balance and the total change in fund balance from June 30, 2002 to 2003.

	Fund Balance at	Fund Balance at	Increase
	June 30, 2003	June 30, 2002	(Decrease)
General Fund	\$ 9,575,810	19,370,040	(9,794,230)
Bond Retirement Fund	6,368,224	6,889,947	(521,723)
Building Fund	18,190,084	27,051,063	(8,860,979)
Other Governmental Funds	543,358	502,231	41,127
Total	<u>\$ 34,677,476</u>	<u>53,813,281</u>	<u>(19,135,805)</u>

General Fund

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

Revenues	<u>2003</u>	<u>2002</u>	<u>% Change</u>
Property taxes	\$ 59,817,124	62,553,718	-4.37%
Intergovernmental	39,615,946	36,078,971	9.80%
Investment income	905,574	1,109,145	-18.35%
Other revenue	<u>1,409,895</u>	<u>1,305,305</u>	<u>8.01%</u>
Total	<u>\$ 101,748,539</u>	<u>101,047,139</u>	<u>0.69%</u>

The decrease in property tax revenues is primarily due to the certification of property tax revenues in the current year by the County Auditor. Property tax revenues are recognized based on the amounts certified by the County Auditor as of June 30 of each year, which based on collections, may significantly fluctuate from year to year. In the current year, this fluctuation represents an approximate decrease of 4.37 % in tax revenue over prior year.

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

Expenditures by Function	<u>2003</u>	<u>2002</u>	<u>% Change</u>
Instructional services	\$ 65,503,971	59,473,964	10.14%
Support services	42,878,907	39,342,267	8.99%
Co-curricular student activities	2,053,239	1,491,451	37.67%
Food Service	40,742	-	100.00%
Capital outlay	204,503	550,564	-62.86%
Debt service	<u>143,499</u>	<u>93,543</u>	<u>53.40%</u>
Total	<u>\$ 110,824,861</u>	<u>100,951,789</u>	<u>9.78%</u>

Expenditures are up 9.78% over the prior year mostly due to salary and benefit increases, including increased health insurance premiums, associated with existing staff.

Debt Service Fund

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

Building Fund

The building fund is used to account for significant capital projects. In 2003, costs within this fund and the corresponding decrease in fund balance are related to expenditures for the support service facility and other miscellaneous capital projects.

Other Funds

Other governmental funds consist of Special Revenue and other capital Projects funds. The fund balance of these funds increased by \$41,127.

General Fund Budget Information

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

The District uses the five-year forecast as the original document from which to form the operating budget. After updating the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school in the District receives a per pupil allocation augmented with resources for special education students in the specific buildings. Budgets are reviewed periodically to ensure management becomes aware of any variations during the year. There were no significant variations between original and final budgets or between actual budgetary expenditures and final budget in the General Fund for the year ended June 30, 2003.

Capital Assets

The District has \$139,872,790 invested in capital assets net of depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2003, the District had \$132,025,500 in outstanding bonds. The District paid \$6,790,000 in principal on bonds outstanding and \$6,159,015 in interest payments during the 2003 fiscal year. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. As of June 30, 2003, the District's general obligation debt was below the legal limit.

Restrictions and Other Limitations

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

BASIC FINANCIAL STATEMENTS

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HILLIARD CITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2003

	GOVERNMENTAL ACTIVITIES
ASSETS:	
Equity in pooled cash & investments	\$ 43,152,137
Cash and cash equivalents in segregated accounts	398,975
Restricted cash & investments	1,826,987
Receivables	78,701,725
Due from other:	
Governments	582,584
Other	30,000
Inventory	30,334
Prepaid assets	141,870
Land and construction in progress	11,544,610
Other capital assets, net	128,328,180
TOTAL ASSETS	264,737,402
LIABILITIES:	
Accounts payable	3,790,295
Contracts payable	884,663
Retainage payable	398,975
Due to other:	
Governments	2,825
Accrued interest payable	603,123
Deferred revenue	64,370,824
Accrued liabilities	12,525,082
Long-term Liabilities:	
Due within one year	7,285,897
Due in more than one year	134,094,447
TOTAL LIABILITIES	223,956,131
NET ASSETS	
Invested in capital assets, net of related debt	25,451,988
Restricted for:	
Debt Service	5,350,046
Capital projects	542,544
Other purposes	155,976
Unrestricted	9,280,717
TOTAL NET ASSETS	\$ 40,781,271

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

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HILLIARD CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Instructional services:				
Regular	\$ 59,425,864	936,881	231,630	(58,257,353)
Special	12,433,387	-	1,729,756	(10,703,631)
Vocational	789,702	-	-	(789,702)
Other	324,425	-	-	(324,425)
Support services:				
Operation and maintenance of plant	9,868,347	-	129	(9,868,218)
Board of Education	477,574	-	-	(477,574)
Business operations	553,300	-	-	(553,300)
Pupils	6,831,418	-	226,771	(6,604,647)
Fiscal Services	3,592,887	-	-	(3,592,887)
Instructional staff	9,327,248	-	437,705	(8,889,543)
Student transportation	6,388,867	-	48,922	(6,339,945)
Central services	482,814	-	120,302	(362,512)
General administration	7,485,472	-	21,469	(7,464,003)
Extracurricular student activities	2,663,286	442,997	3,299	(2,216,990)
Food Service operations	3,348,203	2,499,615	690,601	(157,987)
Community services	1,596,524	1,327,114	332,409	62,999
Interest on long-term debt	6,201,510	-	-	(6,201,510)
Totals	\$ 131,790,828	5,206,607	3,842,993	(122,741,228)
General revenues:				
Property taxes				68,780,772
Grants and entitlements not restricted to specific programs				40,412,090
Intermediate Source Grants-In-Aid				31,750
Investment earnings				1,029,779
Miscellaneous				721,144
Total general revenues				110,975,535
Change in Net Assets				(11,765,693)
Net Assets Beginning of Year (restated)				52,546,964
Net Assets End of Year				40,781,271

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

**Hilliard City School District
Balance Sheet
Governmental Funds
As of June 30, 2003**

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in pooled cash & investments	\$ 15,822,921	5,953,169	19,887,947	1,488,100	43,152,137
Cash and cash equivalents in segregated accounts	-	-	398,975	-	398,975
Restricted cash & investments	1,826,987	-	-	-	1,826,987
Receivables	66,619,474	12,058,662	-	7,493	78,685,629
Due from other:					
Governments	91,687	-	-	490,897	582,584
Funds	326,292	-	-	47,789	374,081
Other	-	-	-	30,000	30,000
Inventory	-	-	-	30,334	30,334
Prepaid expenditures	141,870	-	-	-	141,870
Total assets	<u>84,829,231</u>	<u>18,011,831</u>	<u>20,286,922</u>	<u>2,094,613</u>	<u>125,222,597</u>
LIABILITIES:					
Accounts payable	2,779,731	-	813,200	197,364	3,790,295
Contracts payable	-	-	884,663	-	884,663
Retainage payable	-	-	398,975	-	398,975
Due to other:					
Governments	-	-	-	2,825	2,825
Funds	27,914	118,675	-	211,396	357,985
Accrued interest payable	-	603,123	-	-	603,123
Deferred revenue	60,524,739	10,921,809	-	535,625	71,982,173
Accrued liabilities	11,921,037	-	-	604,045	12,525,082
Total liabilities	<u>75,253,421</u>	<u>11,643,607</u>	<u>2,096,838</u>	<u>1,551,255</u>	<u>90,545,121</u>
FUND EQUITY:					
Fund balances:					
Reserved for encumbrances	700,410	-	4,901,569	165,389	5,767,368
Reserved for future appropriations	5,968,479	1,136,853	-	-	7,105,332
Reserved for prepaid expenditures	141,870	-	-	-	141,870
Reserved for budget stabilization	1,826,987	-	-	-	1,826,987
Unreserved, reported in:					
General Fund	938,064	-	-	-	938,064
Special Revenue Funds	-	-	-	(9,413)	(9,413)
Debt Service Fund	-	5,231,371	-	-	5,231,371
Capital Project Funds	-	-	13,288,515	387,382	13,675,897
Total fund equity	<u>9,575,810</u>	<u>6,368,224</u>	<u>18,190,084</u>	<u>543,358</u>	<u>34,677,476</u>
Total liabilities and fund equity	<u>\$ 84,829,231</u>	<u>18,011,831</u>	<u>20,286,922</u>	<u>2,094,613</u>	<u>125,222,597</u>

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

HILLIARD CITY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2003

Total Governmental Fund Balances \$ 34,677,476

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

Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds. 139,872,790

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 7,611,349

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

Compensated absences	(8,157,812)
Pension obligation	(766,808)
Bonds and notes payable	(132,025,500)
Capital lease obligations	(430,224)

Net Assets of Governmental Activities \$ 40,781,271

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

Hilliard City School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Bond Retirement Fund	Building Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:					
Property taxes	\$ 59,817,124	11,155,176	-	-	70,972,300
Intergovernmental:					
Federal:					
Restricted grants-in-aid	-	-	-	1,717,462	1,717,462
Federal unrestricted grants-in-aid	271,787	-	-	675,262	947,049
State:					
Unrestricted grants-in-aid	38,608,916	1,334,346	-	193,253	40,136,515
Revenue on behalf of district	158,327	-	-	-	158,327
Restricted grants-in-aid	576,916	-	-	603,479	1,180,395
Intermediate source grants-in-aid	-	-	-	31,750	31,750
Food service	-	-	-	2,499,615	2,499,615
Investment income	905,574	-	122,564	1,641	1,029,779
Tuition and fees	231,766	-	-	1,363,672	1,595,438
Classroom materials & fees	705,115	-	-	-	705,115
Extracurricular student activities	7,183	-	-	435,814	442,997
Other	465,831	-	32,598	186,157	684,586
Total revenues	101,748,539	12,489,522	155,162	7,708,105	122,101,328
EXPENDITURES:					
Current:					
Instructional services:					
Regular	54,546,624	-	-	328,850	54,875,474
Special	10,183,951	-	-	1,760,986	11,944,937
Vocational	773,396	-	-	-	773,396
Other	-	-	324,425	-	324,425
Total instructional services	65,503,971	-	324,425	2,089,836	67,918,232
Support services:					
Operation and maintenance of plant	9,660,134	-	-	456	9,660,590
Board of Education	477,550	-	-	-	477,550
Business	539,142	-	-	-	539,142
Pupils	6,665,974	-	-	34,765	6,700,739
Fiscal services	2,623,316	62,230	-	900,000	3,585,546
Instructional staff	9,012,612	-	-	145,749	9,158,361
Student transportation	5,800,396	-	-	-	5,800,396
Central services	300,629	-	-	190,302	490,931
General administration	7,799,154	-	-	76,168	7,875,322
Total support services	42,878,907	62,230	-	1,347,440	44,288,577
Extracurricular student activities	2,053,239	-	-	445,195	2,498,434
Food services operations	40,742	-	-	3,293,956	3,334,698
Community services	-	-	-	1,331,249	1,331,249
Capital outlay	204,503	-	8,691,716	51,825	8,948,044
Debt service:					
Principal retirement	101,004	6,790,000	-	-	6,891,004
Interest and fiscal charges	42,495	6,159,015	-	-	6,201,510
Total expenditures	110,824,861	13,011,245	9,016,141	8,559,501	141,411,748
Excess (deficiency) of revenues over expenditures	(9,076,322)	(521,723)	(8,860,979)	(851,396)	(19,310,420)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of equipment	37,157	-	-	-	37,157
Proceeds from capital lease transactions	137,458	-	-	-	137,458
Operating transfers in	7,477	-	-	908,497	915,974
Operating transfers out	(900,000)	-	-	(15,974)	(915,974)
Total other financing sources (uses)	(717,908)	-	-	892,523	174,615
Net change in fund balances	(9,794,230)	(521,723)	(8,860,979)	41,127	(19,135,805)
Fund balances at beginning of year, as restated	19,370,040	6,889,947	27,051,063	502,231	53,813,281
Fund balances at end of year	\$ 9,575,810	6,368,224	18,190,084	543,358	34,677,476

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

HILLIARD 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, 2003

Net Changes in Fund Balances - Total Governmental Funds \$ (19,135,805)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. 3,978,832

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (2,076,193)

Repayment of bond principal and capital leases is an expenditure in governmental fund, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 6,891,004

Proceeds from the issuance of capital lease obligations is not reported as revenues in the statement of activities. (137,458)

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

Compensated absences	(814,665)
Pension obligation	(135,020)
Loss on disposal of fixed assets	(336,388)

Change in Net Assets of Governmental Activities \$ (11,765,693)

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

HILLIARD CITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2003

		AGENCY FUNDS
ASSETS:		
Cash and investments	\$	321,911
Receivable		3,471
TOTAL ASSETS		325,382
LIABILITIES:		
Accounts payable		20,939
Due to other:		
Funds		16,096
Other		288,347
TOTAL LIABILITIES	\$	325,382

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

HILLIARD CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2003

1. Reporting Entity

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

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

The District is a participant among 120 educational focused entities in a joint venture to operate the Metropolitan Educational Council (MEC). The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. MEC is governed by a board of directors consisting of a member of the Board of Education and a member of the administrative staff from each of the participating members. The District has an equity interest that is explicit and not measurable in that the joint venture agreement stipulates that the participants will share in net obligations or asset liquidations and likewise shall participate in proceeds from sale of assets upon liquidation. MEC is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial statements for MEC can be obtained from Metropolitan Educational Council administrative offices at 6100 Channingway Boulevard, Suite 604, Columbus, OH 43232-2986.

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

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

The Rockbridge Academy is a joint venture of the District. This organization is presented in Note 19 to the basic financial statements.

The District's reporting entity includes the following:

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

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

HILLIARD CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2003

The District is associated with a public entity risk pool organization. This organization is the Ohio School Boards Association Workers' Compensation Group Rating Plan and is presented in Note 18 to the basic financial statements.

2. Summary of Significant Accounting Policies

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

(a) Government-wide and fund financial statements

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

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

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

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

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

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

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied, provided they are collected and certified by the county auditor by the fiscal year-end. Additionally, taxes collected within 60 days after fiscal year-end are recorded as a receivable with an offset to deferred revenue for amounts not

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

collected and available for advance on June 30 by the county auditor. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following *major* governmental funds:

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

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

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

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

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

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

Additionally, the District reports the following fund type:

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

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

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

(c) *Cash and Investments*

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

(d) *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances are reported as reservations of fund balance, since they do not constitute expenditures or liabilities.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

(e) *Inventory*

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

(f) *Prepaid Assets*

Payments made to vendors for services that will benefit periods beyond June 30, 2003 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

(g) *Capital Assets and Depreciation*

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

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

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

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

(h) *Interfund Activity*

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

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

(i) *Compensated Absence*

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

Administrators and classified staff who work twelve month contracts are granted vacation leave. The leave amount is based on length of service and position. The District accrues vacation leave benefits as earned. Accrued vacation may be carried forward for the next fiscal year. Twelve month staff with the consent of the

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

superintendent may carry over from one employment year to the next, an amount of vacation equal to 10 days. The maximum that classified staff may carry over is the amount of vacation leave earned, but not used, during the preceding two full years of continued employment by the District. District employees earn sick leave at fifteen days per year, which, if not taken, accumulates on an unlimited basis until retirement. Upon retirement, an employee is paid one-fourth of the accumulated sick leave up to a maximum of 60 days for certificated staff and 63 and $\frac{3}{4}$ days for classified staff.

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

(j) Accrued Liabilities and Long-term Debt

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

(k) Fund Balance Reserves / Restrictions

The District records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation for expenditures. Fund equity reserves have been established for encumbrances, prepaid assets, property tax revenue reserved by the Board for future year's appropriations and reserves for budget stabilization, as required by state statute (see Note 14).

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

(l) Management Estimates

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

3. Cash and Investments

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

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

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

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Cash:

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

The investment and deposit of the District's monies is governed by the provisions of the ORC. In accordance with these statutes, the District is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and STAROhio. Earnings on investments are credited to the General Fund except earnings specifically related to the Capital Projects Fund, and certain Special Revenue Funds, which is in compliance with ORC Section 3315.01. In fiscal 2003 investment income of \$905,574 was recorded in the General Fund.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2003

According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During 2003, the District and public depositories complied with the provisions of these statutes.

Deposits:

At year-end, the District carried account balances at three banks. The carrying amount of all District deposits was \$20,588,647, exclusive of \$5,854 in cash on hand. The combined bank balance was \$20,831,322 of which \$300,000 was covered by the FDIC insurance and \$20,531,322 was uncollateralized as defined by the GASB. These uncollateralized deposits are covered by a pledged collateral pool as discussed above.

The District has segregated bank accounts for monies held separate from the District's central bank account. These interest bearing depository accounts are presented on the Statement of Net Assets as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the District treasury. On June 30, 2003 the District had \$398,975 in cash and cash equivalents in segregated accounts.

Investments:

The District's investments are categorized to give an indication of the level of risk assumed by the District at June 30, 2003. Category 1 includes investments that are insured or registered or for which the securities are

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent, but not in the District's name. The investment with STAROhio is not required to be categorized due to its nature.

	<u>Category</u>			<u>Carrying Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Treasury and agency obligations	\$ -	9,172,825	-	9,172,825
Repurchase agreement	-	-	2,169,000	2,169,000
STAR Ohio	-	-	-	13,364,709
Total investments	<u>\$ -</u>	<u>9,172,825</u>	<u>2,169,000</u>	<u>24,706,534</u>

4. Receivables

Receivables at June 30, 2003, consist of the following:

	<u>Taxes</u>	<u>Other</u>	<u>Totals</u>
Governmental activities:			
General	\$ 66,619,474	16,096	66,635,570
Bond retirement fund	12,058,662	-	12,058,662
Other governmental funds	-	7,493	7,493
Total	<u>\$ 78,678,136</u>	<u>23,589</u>	<u>78,701,725</u>

5. Due from Other Governments

Due from Other Governments at June 30, 2003, consist of the following:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Totals</u>
Governmental activities:				
General	\$ 48,704	-	42,983	91,687
Other governmental funds	484,957	5,940	-	490,897
Total	<u>\$ 533,661</u>	<u>5,940</u>	<u>42,983</u>	<u>582,584</u>

6. Interfund Receivables and Payables

Interfund balances at June 30, 2003, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General	\$ 326,292	27,914
Bond retirement fund	-	118,675
Other governmental funds	47,789	211,396
Fiduciary activities:		
Agency Fund	-	16,096
Total	<u>\$ 374,081</u>	<u>\$ 374,081</u>

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

7. Interfund Transfers

Interfund transfer balances at June 30, 2003, consist of the following:

	Transfer - Out	Transfer - In
Governmental activities:		
General	\$ 900,000	7,477
Other governmental funds	15,974	908,497
Total	\$ 915,974	\$ 915,974

8. Property, Plant and Equipment

A summary of changes in general fixed assets for the year ended June 30, 2003, follows:

	Balance June 30, 2002	Additions	Disposals	Transfers	Balance June 30, 2003
<u>Governmental Activities Cost</u>					
Land	\$ 9,647,661	-	-	-	9,647,661
Land improvements	13,188,342	538,145	-	-	13,726,487
Building and improvements	137,696,786	5,483,852	276,621	321,828	143,225,845
Furniture, fixtures and equipment	19,990,616	1,805,804	832,316	-	20,964,104
Buses, autos and trucks	8,072,937	1,325,760	583,706	-	8,814,991
Construction in progress	401,175	1,817,602	-	(321,828)	1,896,949
Total at cost	188,997,517	10,971,163	1,692,643	-	198,276,037
<u>Less accumulated depreciation</u>					
Land improvements	4,801,519	644,986	-	-	5,446,505
Building and improvements	33,374,030	3,986,417	136,278	-	37,224,169
Furniture, fixtures and equipment	10,430,099	1,582,823	709,465	-	11,303,457
Buses, autos and trucks	4,161,523	778,105	510,512	-	4,429,116
Total accumulated depreciation	52,767,171	6,992,331	1,356,255	-	58,403,247
Capital assets, net	\$ 136,230,346	3,978,832	336,388	-	139,872,790

Construction-in-progress in the amount of \$1,896,949 consists of costs incurred to date for the construction of field storage buildings and renovation of the central office annex. Estimated costs to complete the projects are approximately \$380,000 and \$34,000, respectively, and will be paid from available funds.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 4,360,848
Special	201,434
Support services:	
Operation and maintenance of plant	176,554
Business	5,013
Pupils	42,419
Instructional staff	667,052
Student transportation	769,500
Central services	309
General administration	213,986
Food services	274,928
Extracurricular student activities	266,273
Community services	14,015
 Total Depreciation	 <u><u>\$ 6,992,331</u></u>

9. Long-Term Obligations

A summary for changes in long-term obligations for the year ended June 30, 2003, follows:

	Balance <u>June 30, 2002</u>	Additions	Reductions	Balance <u>June 30, 2003</u>
Accrued liabilities:				
Severance	\$ 7,343,147	814,665	-	8,157,812
Pension obligation	631,788	766,808	631,788	766,808
Capital lease obligation	393,770	137,458	101,004	430,224
General obligation bonds payable	<u>138,815,500</u>	<u>-</u>	<u>6,790,000</u>	<u>132,025,500</u>
	<u>\$ 147,184,205</u>	<u>1,718,931</u>	<u>7,522,792</u>	<u>141,380,344</u>

Amounts Due In One Year

Pension obligation	\$ 766,808
Capital lease obligation	149,089
General obligation bonds payable	<u>6,370,000</u>
	<u><u>\$ 7,285,897</u></u>

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

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

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Principal Outstanding</u>
School Improvement (1)	09/01/81	12/01/04	12.2500%	\$260,000
Refunding Issue (2)	03/01/92	12/01/05	6.0352	4,390,000
Refunding Issue (3)	12/01/97	12/01/13	4.7568	9,914,176
Refunding Issue (4)	05/10/93	12/01/12	5.1874	3,649,615
Refunding Issue (5)	06/15/01	12/01/19	4.7807	29,609,656
School Improvement (6)	02/01/96	12/01/20	5.4360	25,348,240
School Improvement (7)	03/01/00	12/01/28	6.6890	54,128,815
School Improvement (8)	06/15/01	12/01/28	4.6548	<u>4,724,998</u>
Total				<u>\$132,025,500</u>

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

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

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

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

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

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

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

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

In 1992 \$20,560,000 (2) of School Building Construction and Improvement Refunding Bonds, Series 1992 were issued to advance refund the outstanding \$22,530,000 1987 School Building Construction and Improvement Bonds on March 1, 1992. In a prior year the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2003 \$6,250,000 of bonds are considered defeased.

In 1993 \$8,584,000 (4) of School Building Construction and Improvement Refunding Bonds, Series 1993 were issued to advance refund the outstanding \$8,820,000 1990 School Building Construction and Improvement Bonds on May 10, 1993. In a prior year the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

bonds. Accordingly, the trust account's assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2003 \$4,635,000 of bonds are considered defeased.

In 1997 the District used \$500,000 and \$15,899,176 (3) of School Building Construction and Improvement Refunding Bonds, Series 1997 which were issued to advance refund the outstanding \$15,900,000 1992 School Building Construction and Improvement Bonds on December 1, 1997, resulting in an economic gain of \$979,703. The District defeased these general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. This advance refunding represents both legal and in-substance defeasance and was accounted for in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*. Accordingly, the trust account's assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2003 \$11,300,000 of bonds are considered defeased.

In 2001 the District used \$1,000,000 and \$31,444,656 (5) of School Building Construction and Improvement Refunding Bonds, Series 2003B which were issued to advance refund the outstanding \$31,444,973 1995 School Building Construction and Improvement Bonds on June 15, 2002, resulting in an economic gain of \$2,153,052. The District defeased these general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. This advance refunding represents both legal and in-substance defeasance and was accounted for in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*. Accordingly, the trust account's assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2003 \$29,074,973 of bonds are considered defeased.

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

The annual maturities of the general obligation bonds as of June 30, 2003, and related interest payments are as follows:

<u>Year ending June 30,</u>	<u>Interest rate (%)</u>	<u>Principal</u>	<u>Interest</u>
2004	4.6548-12.25	\$ 6,370,000	\$ 5,852,548
2005	4.6548-6.689	7,510,141	5,925,076
2006	4.6548-6.689	8,313,585	5,514,165
2007	4.6548-6.689	7,725,886	5,104,980
2008	4.6548-6.689	9,075,000	4,284,643
2009 - 2013	4.6548-6.689	34,216,464	30,601,622
2014 - 2018	4.6548-6.689	20,393,742	31,192,517
2019 - 2023	4.6548-6.689	20,620,682	12,837,892
2024 - 2028	4.6548-6.689	15,390,000	2,920,261
2029	4.6548-6.689	2,410,000	68,450
 Total		\$ 132,025,500	\$ 104,302,154

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. The District had no unvoted debt at June 30, 2003. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2003 the District's net debt was approximately 6.14% of the total assessed value of all property within the District.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

10. Capital Lease Obligation

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

Fixed assets consisting of copiers that have been capitalized in the Governmental Activities Statement of Net Assets in the amount of \$596,068. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the Statement of Net Assets. Principal payments in fiscal year 2003 totaled \$101,004.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2003.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Capital Lease</u> <u>Obligations</u>
2004	\$149,089
2005	149,089
2006	149,089
2007	55,547
2008	<u>5,590</u>
Total minimum lease payments	508,404
Less: amount representing interest	<u>(78,180)</u>
 Present value of minimum lease payments	 <u>\$430,224</u>

The portion of the capital lease obligation due during fiscal year 2004, \$149,089, has been reported on the Statement of Net Assets as a long-term liability due in one year. The remaining capital lease obligation amount of \$281,135 has been reported as a long-term liability due in more than one year.

11. Defined Benefit Pension Plans

State Teachers Retirement System

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

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

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

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
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Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$11,085,796, \$9,900,757, and \$7,222,365, respectively; 87.41 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$1,395,310 representing the unpaid contribution for fiscal year 2003 is recorded as a liability within the respective funds.

School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$2,319,419, \$1,945,789, and \$1,841,379, respectively; 37.68 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$1,445,412 representing unpaid the contribution for fiscal year 2003 is recorded as a liability within the respective funds.

12. Postemployment Benefits Other Than Pension Benefits

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$110,858 during the 2003 fiscal year. As of July 1, 2002, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. For the District, this amount equaled \$1,665,105 during the 2003 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were \$182,946,777.

13. Property Taxes

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the school district. Due and collection dates, as established by Franklin County, were January 20, 2003 and June 20, 2003, for those taxes due during 2003.

Real property and tangible personal property taxes collected during 2003 had a lien and levy date of January 1, 2002 and December 31, 2002 respectively.

Assessed values are established by State law at 35% of appraised market value for Real Estate and at 25% for Public Utility and Tangible Personal. A reappraisal of all property is required to be completed no less than every six years. A revaluation of all property is required to be completed no less than every six years. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). The assessed values for collection in 2003, upon which the 2002 levies were based, were as follows:

Real estate	\$1,720,019,110
Public utility	61,488,430
Tangible personal	<u>266,034,379</u>
Total	<u>\$2,047,541,919</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .445% (4.45 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to 64.44 mills in 2003.

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

The District requested and received an advance against the August real estate settlement. By Board resolution these funds were specified for use in fiscal year 2004, and as such, were not available for appropriation prior to July 1, 2003. The advances available are designated as Fund Balance Reserved for future appropriations.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

14. Set-Aside Calculations

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

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

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve
Set-aside balance, July 1, 2002	\$ -	-	1,826,987
Current year set-aside requirement	2,369,161	2,369,161	-
Qualifying expenditures	(3,757,436)	(10,160,177)	-
Total	<u>(1,388,275)</u>	<u>(7,791,016)</u>	<u>1,826,987</u>
Set-aside balance, June 30, 2003	<u>\$ -</u>	<u>-</u>	<u>1,826,987</u>

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

15. State School Funding Decision

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

16. Contingent Liabilities

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

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

17. Federal and State Grants

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

18. Risk Management

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

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

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

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

19. Joint Venture

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

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

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

20. Substitute House Bill 412

Substitute House Bill 412, as amended by A.S.H.B. 770, requires school districts to set aside certain percentages of defined revenues for (1) a textbook and instructional materials "fund" and (2) a capital and maintenance "fund. It also requires five year budget projections, amended the fiscal watch and fiscal emergency statutes, created a state school district solvency fund, and amended "spending reserve" provisions.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

21. Change in Accounting Principle/Restatement

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34). This statement represents a significant change in the way state and local governments present basic financial information. This statement is effective for periods beginning after June 15, 2002. For Fiscal 2003, the District implemented this statement.

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include entity wide statements prepared on the accrual basis of accounting, and fund financial statements, which presents information for individual major funds and aggregate non-major funds rather than by fund type.

The beginning net asset amount for the governmental funds at June 30, 2002, represents fund balance for the combined governmental funds adjusted as follows:

Total Governmental Fund	
Balances at June 30, 2002, as restated	\$ 53,813,281

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

Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	136,230,346
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	9,687,546
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Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Pension	(631,788)
Compensated absences	(7,343,147)
Bonds and capital lease payable	<u>(139,209,274)</u>

Net Assets of Governmental Activities, as restated	<u><u>\$ 52,546,964</u></u>
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In conjunction with the restatement above the District reclassified the Food Service Fund, Latchkey Fund, School Testing Fund and 4-Mat Training Fund to Special Revenue Funds. These funds were previously recorded as an Enterprise Funds. Also, the District reclassified the Expendable Trust Fund to a Special Revenue Fund. The restatements are as follows:

HILLIARD CITY SCHOOL DISTRICT
Notes to the Financial Statements, continued
June 30, 2003

Total Governmental Fund	
Balances at June 30, 2002, as previously recorded	\$ 53,857,160
Restatements:	
Food Service Fund reclass to special revenue fund	(107,413)
Latchkey Fund reclass to special revenue fund	(85,012)
School Testing reclass to special revenue fund	129,185
4-Mat Training Fund reclass to special revenue fund	454
Expendable Trust Fund reclass to special revenue fund	18,907
 Total Governmental Fund	
Balances at June 30, 2002, as restated	<u><u>\$ 53,813,281</u></u>

22. Fund Deficits/Accountability

The following funds had fund deficit fund balances as of June 30, 2003:

	Deficit Fund Balance
Special Revenue Funds:	
Food Service	\$ (210,738)
Part B- Idea	(162,447)
Title III	(8,389)
Title I	(28,653)
Title V	(10,658)
Drug-Free Grant	(12,487)
Preschool Grant	(4,465)
Title II	(144,332)

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

Expenditures exceeded appropriations in the following funds: Career Development Fund; School Testing; EMIS; Eisenhower Grant; Title VI-B Flow-thru; Title III; Title VI; Title II; Other Federal Grants; Auxiliary Service – St Brendan’s.

Additionally, the following funds had budget basis fund deficit balances as of June 30, 2003:

	Deficit Fund Balance
Special Revenue Funds:	
Career Development Fund	\$ (2,475)
Food Service Fund	(347)
Eisenhower Grant	(28,559)
Drug-Free Grant	(451)

These budget basis deficits will be funded with future revenue and/or transfers.

REQUIRED SUPPLEMENTARY INFORMATION

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**Hilliard City School District
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2003**

	General Fund			Variance Positive/ (Negative)
	Original Budget	Revised Budget	Actual	
REVENUES:				
Property taxes	58,443,604	58,443,604	59,003,640	560,036
Intergovernmental:				
Federal-				
Unrestricted grants-in-aid	244,443	244,443	244,443	-
State-				
Unrestricted grants-in-aid	41,869,609	41,869,609	39,344,159	(2,525,450)
Investment income	292,618	292,618	292,618	-
Tuition fees	1,061,398	1,061,398	1,061,398	-
Classroom materials & fees	708,073	708,073	708,073	-
Miscellaneous	198,054	198,054	198,054	-
Total revenues	102,817,799	102,817,799	100,852,385	(1,965,414)
EXPENDITURES:				
Instructional services:				
Regular	55,635,550	54,845,399	54,065,490	779,909
Special	10,174,100	10,287,065	9,960,358	326,707
Vocational	778,400	783,300	762,744	20,556
Total instructional services	66,588,050	65,915,764	64,788,592	1,127,172
Support services:				
Operation and maintenance of plant	10,497,900	10,904,180	10,340,505	563,675
Board of Education	509,100	499,300	484,698	14,602
Business	633,300	553,750	535,093	18,657
Pupils	6,643,100	6,761,885	6,543,108	218,777
Fiscal services	2,331,400	2,682,200	2,650,191	32,009
Instructional staff	9,516,700	8,964,968	8,595,541	369,427
Student transportation	6,209,300	6,118,500	6,045,844	72,656
Central services	398,500	375,450	353,860	21,590
General administration	7,791,550	7,949,553	7,708,419	241,134
Total support services	44,530,850	44,809,786	43,257,259	1,552,527
Extracurricular student activities	1,581,000	2,057,650	2,033,984	23,666
Community services	-	-	-	-
Facility acquisition and improvement	130,000	46,800	45,970	830
Total expenditures	112,829,900	112,830,000	110,125,805	2,704,195
Excess (deficiency) of revenues over expenditures	(10,012,101)	(10,012,201)	(9,273,420)	738,781
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of equipment	-	37,157	37,157	-
Refund of prior year expenditure	-	295,490	323,765	28,275
Transfers in	-	15,010	15,010	-
Transfers out	(900,000)	(900,000)	(900,000)	-
Advances - net	-	210,949	35,041	(175,908)
Total other financing sources (uses)	(900,000)	(341,394)	(489,027)	(147,633)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(10,912,101)	(10,353,595)	(9,762,447)	591,148
Fund balances at beginning of year	23,798,599	23,798,599	23,798,599	-
Fund balances at end of year	12,886,498	13,445,004	14,036,152	591,148

See accompanying footnotes to the required supplementary information.

HILLIARD CITY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2003

A. Budgetary Information

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

- (1) A Tax Budget of estimated cash receipts and disbursements is submitted to the Franklin County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1. The Hilliard Board of Education holds a budget hearing when it normally adopts the Tax Budget at the first regular meeting in January, following the budget hearing.
- (2) The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.
- (3) An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. The Hilliard Board of Education adopted its 2003 permanent appropriation measure at its November regular meeting. The Board of Education adopted at the June 11, 2002 regular meeting a temporary appropriation measure to allow the District to operate until its annual appropriations were adopted. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments may transfer funds within their budgets. Revised appropriations are presented during the year and include the transfers requested by staff and any amendments to fund unanticipated expenditures. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations at the fund level.

B. Reconciling Budgetary Basis and GAAP

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

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

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

HILLIARD CITY SCHOOL DISTRICT
Notes to the Required Supplementary Information, Continued
For the Year Ended June 30, 2003

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

Net change in fund balance	\$ (9,794,230)
Adjustments	
Due to revenues	(896,154)
Due to expenditures	699,056
Due to other financing sources	228,881
Deficiency of revenues and other financing sources over expenditures and other financing uses (Budget Basis)	<u>\$ (9,762,447)</u>

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Supplemental Data

Hilliard City School District

MAJOR GOVERNMENTAL FUNDS (Other than General Fund)

BOND RETIREMENT FUND

A **debt service fund** provided for the retirement of serial bonds. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds, shall be paid into this fund.

BUILDING FUND

A **capital projects fund** used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest must be paid into this fund. Expenditures recorded here represent the costs for acquiring capital facilities including real property.

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HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2003

MAJOR GOVERNMENTAL FUNDS

	<u>Revised Budget</u>	<u>Actual</u>	<u>variance with Revised Budget positive (negative)</u>
Bond Retirement Fund			
Total Revenues and Other Sources	\$ 13,327,054	12,491,515	(835,539)
Total Expenditures and Other Uses	13,150,000	13,040,654	109,346
Net Change in Fund Balance	177,054	(549,139)	(944,885)
Fund Balance, July 1	6,502,308	6,502,308	-
Fund Balance, June 30	<u>\$ 6,679,362</u>	<u>5,953,169</u>	<u>(944,885)</u>
Building Fund			
Total Revenues and Other Sources	\$ 210,000	218,528	8,528
Total Expenditures and Other Uses	19,700,000	6,979,361	12,720,639
Net Change in Fund Balance	(19,490,000)	(6,760,833)	(12,712,111)
Fund Balance, July 1	19,650,377	19,650,377	-
Fund Balance, June 30	<u>\$ 160,377</u>	<u>12,889,544</u>	<u>(12,712,111)</u>

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Hilliard City School District

NONMAJOR OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

SPECIAL LOCAL FUND

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

CAREER DEVELOPMENT FUND

A fund provided to account for monies received and expended in conjunction with Vocational Education - Career Development projects funded by the State of Ohio, Ohio Department of Education.

STUDENT ACTIVITY FUND

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

WIN-WIN

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

MARTHA HOLDEN JENNINGS FUND

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

OTHER LOCAL FUND

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

FOOD SERVICE FUND

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

LATCHKEY FUND

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

Hilliard City School District

SCHOOL TESTING

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

4-MAT TRAINING

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

EDUCATIONAL MANAGEMENT INFORMATION SYSTEM GRANT (EMIS)

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

OHIO EDUCATION COMPUTER NETWORK (OECN Data Comm.)

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

SCHOOL IMPROVEMENT AWARD

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

OTHER STATE GRANTS

A fund used to account for revenues and expenditures related to grants received by the District for SchoolNet Professional Development, Ohio Reads Volunteer Fund, Safe School Help Line, Character Education Grant, Student Assistance Program, Promising Practice Grant and Family Partnership Award.

EISENHOWER GRANT

Provision of funds for strengthening instruction in science, mathematics, modern foreign languages, English, arts and humanities, reading, history, geography, civics, economics, and industrial arts through acquisition of laboratory and other special equipment and materials and through minor remodeling.

EDUCATION OF HANDICAPPED CHILDREN ACT TITLE VI-B FUND (TITLE VI-B Flow-thru)

Provision of grants received prior to 2003 to assist states in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

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

Provision of grants received in 2003 to assist states in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

TITLE III FUND

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

Hilliard City School District

TITLE I FUND

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

TITLE VI FUND

To consolidate various programs (prior to 2003) into a single authorization of grants to States to be used in accordance with the educational needs and priorities of the state and local agencies. The District allocates these funds toward math remediation.

TITLE V

To consolidate various programs (in 2003) into a single authorization of grants to States to be used in accordance with the educational needs and priorities of the state and local agencies. The District allocates these funds toward math remediation.

DRUG FREE GRANT

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

EHA PRESCHOOL GRANTS FOR THE HANDICAPPED (Preschool Grant)

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

TITLE II

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

SMALLER LEARNING COMMUNITIES

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

TITLE VI-R FUND

Provision of funds to provide additional elementary school teachers in grades one through three to reduce student/teacher ratio.

OTHER FEDERAL GRANTS

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

AUXILIARY SERVICES - ST. BRENDANS

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

AUXILIARY SERVICES SUNRISE ACADEMY

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

Hilliard City School District

Capital Projects Funds

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

PERMANENT IMPROVEMENT FUND

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

SCHOOLNET FUND

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

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Hilliard City School District
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2003

SPECIAL REVENUE FUNDS

	Special Local	Career Development	Student Activity	Win Win	M.H. Jennings	Other Local	Food Services
ASSETS:							
Cash and investments	\$ 240,564	-	142,796	-	1,700	26,085	-
Receivables	164	-	150	-	-	-	-
Due from other:							
Governments	-	5,078	-	-	-	-	16,837
Funds	-	-	-	-	-	-	-
Other	30,000	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	30,334
Total assets	270,728	5,078	142,946	-	1,700	26,085	47,171
LIABILITIES:							
Accounts payable	4,705	1,067	10,355	-	-	-	321
Due to other:							
Governments	-	-	-	-	-	-	-
Funds	1,976	2,217	4,423	-	-	-	46,988
Deferred revenue	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	210,600
Total liabilities	6,681	3,284	14,778	-	-	-	257,909
FUND EQUITY:							
Fund balances:							
Reserved for encumbrances	28,490	1,408	13,341	-	-	-	-
Unreserved	235,557	386	114,827	-	1,700	26,085	(210,738)
Total fund equity	264,047	1,794	128,168	-	1,700	26,085	(210,738)
Total liabilities and fund equity	\$ 270,728	5,078	142,946	-	1,700	26,085	47,171

Hilliard City School District

SPECIAL REVENUE FUNDS

Latchkey	School Testing	4-Mat Training	EMIS	OECN Data Comm.	School Improvement	Other State	Eisenhower Grant	Title VI-B Flow-thru	Part B-IDEA
175,628	228,219	454	-	-	17,697	55,125	-	-	11,904
2,064	5,115	-	-	-	-	-	-	-	-
-	-	-	-	-	-	862	-	-	163,512
1,744	-	-	-	-	-	-	19,875	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
179,436	233,334	454	-	-	17,697	55,987	19,875	-	175,416
3,763	21,888	-	-	-	-	34,767	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,597	4,925	-	-
-	72,650	-	-	-	-	-	-	-	163,512
133,874	-	-	-	-	-	-	-	-	174,351
137,637	94,538	-	-	-	-	36,364	4,925	-	337,863
9,300	6,546	-	-	-	-	4,974	28,560	-	-
32,499	132,250	454	-	-	17,697	14,649	(13,610)	-	(162,447)
41,799	138,796	454	-	-	17,697	19,623	14,950	-	(162,447)
179,436	233,334	454	-	-	17,697	55,987	19,875	-	175,416

(continued)

Hilliard City School District
Combining Balance Sheet - Non-Major Governmental Funds (Continued)
June 30, 2003

SPECIAL REVENUE FUNDS

	Title III	Title I	Title VI	Title V	Drug-Free Grant	Preschool Grant	Title II
ASSETS:							
Cash and investments	\$ 2,925	5,943	-	1,748	-	67	9,000
Receivables	-	-	-	-	-	-	-
Due from other:							
Governments	10,523	36,646	-	10,312	30,496	5,630	205,856
Funds	-	-	-	-	12,453	-	-
Other	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Total assets	13,448	42,589	-	12,060	42,949	5,697	214,856
LIABILITIES:							
Accounts payable	-	-	-	-	-	-	12,034
Due to other:							
Governments	-	-	-	-	-	-	-
Funds	-	-	-	-	24,940	-	119,185
Deferred revenue	10,523	36,646	-	10,312	30,496	5,630	205,856
Accrued liabilities	11,314	34,596	-	12,406	-	4,532	22,113
Total liabilities	21,837	71,242	-	22,718	55,436	10,162	359,188
FUND EQUITY:							
Fund balances:							
Reserved for encumbrances	-	-	-	-	451	-	-
Unreserved	(8,389)	(28,653)	-	(10,658)	(12,938)	(4,465)	(144,332)
Total fund equity	(8,389)	(28,653)	-	(10,658)	(12,487)	(4,465)	(144,332)
Total liabilities and fund equity	\$ 13,448	42,589	-	12,060	42,949	5,697	214,856

Hilliard City School District

SPECIAL REVENUE FUNDS					TOTAL SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS		TOTAL CAPITAL PROJECTS FUNDS	Total
Sm. Learning Communities	Title VI-R	Other Federal	Auxiliary - St. Brendans	Auxiliary - Sunrise Acd.		Perm. Improvement	School- Net		
-	-	5,122	120,654	3,262	1,048,893	296,147	143,060	439,207	1,488,100
-	-	-	-	-	7,493	-	-	-	7,493
-	-	5,145	-	-	490,897	-	-	-	490,897
-	13,717	-	-	-	47,789	-	-	-	47,789
-	-	-	-	-	30,000	-	-	-	30,000
-	-	-	-	-	30,334	-	-	-	30,334
-	13,717	10,267	120,654	3,262	1,655,406	296,147	143,060	439,207	2,094,613
-	-	-	56,639	-	145,539	-	51,825	51,825	197,364
-	-	2,825	-	-	2,825	-	-	-	2,825
-	-	5,145	-	-	211,396	-	-	-	211,396
-	-	-	-	-	535,625	-	-	-	535,625
-	-	-	259	-	604,045	-	-	-	604,045
-	-	7,970	56,898	-	1,499,430	-	51,825	51,825	1,551,255
-	-	5,122	63,945	3,252	165,389	-	-	-	165,389
-	13,717	(2,825)	(189)	10	(9,413)	296,147	91,235	387,382	377,969
-	13,717	2,297	63,756	3,262	155,976	296,147	91,235	387,382	543,358
-	13,717	10,267	120,654	3,262	1,655,406	296,147	143,060	439,207	2,094,613

Hilliard City School District
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For The Fiscal Year Ended June 30, 2003

SPECIAL REVENUE FUNDS

	<u>Special Local</u>	<u>Career Development</u>	<u>Student Activity</u>	<u>Win Win</u>	<u>M.H. Jennings</u>	<u>Other Local</u>	<u>Food Services</u>
REVENUES:							
Intergovernmental:							
Federal:							
Restricted grants-in-aid	\$ -	-	-	-	-	-	-
Unrestricted grants-in-aid	-	-	-	-	-	-	675,262
State:							
Unrestricted grants-in-aid	-	-	-	-	-	-	-
Restricted grants-in-aid	-	10,328	-	-	-	-	15,339
Intermediate source restricted grants in aid	30,000	-	-	-	1,750	-	-
Food service	-	-	-	-	-	-	2,499,615
Investment income	-	-	-	-	-	-	415
Tuition fees	-	-	-	-	-	-	-
Extracurricular student activities	-	-	435,814	-	-	-	-
Other	157,563	-	-	-	-	13,628	-
Total revenues	187,563	10,328	435,814	-	1,750	13,628	3,190,631
EXPENDITURES:							
Instructional services:							
Regular	8,902	-	-	-	4,000	-	-
Special	9,204	-	-	-	-	-	-
Total instructional services	18,106	-	-	-	4,000	-	-
Support services:							
Operation and maintenance of plant	456	-	-	-	-	-	-
Pupils	-	11,517	-	-	50	-	-
Fiscal services	-	-	-	900,000	-	-	-
Instructional staff	-	-	-	-	-	-	-
Central services	-	-	-	-	-	-	-
General administration	76,168	-	-	-	-	-	-
Total support services	76,624	11,517	-	900,000	50	-	-
Extracurricular student activities	11,704	-	433,491	-	-	-	-
Food services operations	-	-	-	-	-	-	3,293,956
Community services	-	-	-	-	-	500	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	106,434	11,517	433,491	900,000	4,050	500	3,293,956
Excess (deficiency) of revenues over expenditures	81,129	(1,189)	2,323	(900,000)	(2,300)	13,128	(103,325)
OTHER FINANCING SOURCES (USES):							
Transfers in	1,105	-	7,392	900,000	-	-	-
Transfers out	(10,024)	-	-	-	-	(5,950)	-
Total other financing sources (uses)	(8,919)	-	7,392	900,000	-	(5,950)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	72,210	(1,189)	9,715	-	(2,300)	7,178	(103,325)
Fund balances at beginning of year, as restated	191,837	2,983	118,453	-	4,000	18,907	(107,413)
Fund balances at end of year	\$ 264,047	1,794	128,168	-	1,700	26,085	(210,738)

Hilliard City School District

SPECIAL REVENUE FUNDS									
Latchkey	School Testing	4-Mat Training	EMIS	OECN Data Comm.	School Improvement	Other State	Eisenhower Grant	Title VI-B Flow-thru	Part B-IDEA
-	-	-	-	-	-	-	19,913	251,332	967,457
-	-	-	-	-	-	-	-	-	-
-	-	-	50,302	70,000	-	133,864	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,128,884	198,230	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,128,884	198,230	-	50,302	70,000	-	133,864	19,913	251,332	967,457
-	188,619	-	-	-	3,160	116,028	-	-	-
-	-	-	-	-	-	-	-	2,702	1,111,772
-	188,619	-	-	-	3,160	116,028	-	2,702	1,111,772
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,101	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	31,327	21,237	-	-
-	-	-	50,302	140,000	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	50,302	140,000	-	34,428	21,237	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,002,073	-	-	-	-	-	10,539	-	-	18,132
-	-	-	-	-	-	-	-	-	-
1,002,073	188,619	-	50,302	140,000	3,160	160,995	21,237	2,702	1,129,904
126,811	9,611	-	-	(70,000)	(3,160)	(27,131)	(1,324)	248,630	(162,447)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,811	9,611	-	-	(70,000)	(3,160)	(27,131)	(1,324)	248,630	(162,447)
(85,012)	129,185	454	-	70,000	20,857	46,754	16,274	(248,630)	-
41,799	138,796	454	-	-	17,697	19,623	14,950	-	(162,447)

(continued)

Hilliard City School District
Combining Statement of Revenues, Expenditures, and
Non-Major Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2003

SPECIAL REVENUE FUNDS							
	Title III	Title I	Title VI	Title V	Drug-Free Grant	Preschool Grant	Title II
REVENUES:							
Intergovernmental:							
Federal:							
Restricted grants-in-aid	\$ 62,940	193,324	23,569	68,325	6,707	22,131	39,653
Unrestricted grants-in-aid	-	-	-	-	-	-	-
State:							
Unrestricted grants-in-aid	-	-	-	-	-	-	-
Restricted grants-in-aid	-	-	-	-	-	-	-
Intermediate source restricted grants in aid	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Tuition fees	-	-	-	-	-	36,558	-
Extracurricular student activities	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	62,940	193,324	23,569	68,325	6,707	58,689	39,653
EXPENDITURES:							
Instructional services:							
Regular	-	-	-	-	-	-	-
Special	71,329	218,554	5,027	78,983	-	26,596	177,551
Total instructional services	71,329	218,554	5,027	78,983	-	26,596	177,551
Support services:							
Operation and maintenance of plant	-	-	-	-	-	-	-
Pupils	-	-	-	-	20,097	-	-
Fiscal services	-	-	-	-	-	-	-
Instructional staff	-	-	-	-	-	36,558	6,434
Central services	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-
Total support services	-	-	-	-	20,097	36,558	6,434
Extracurricular student activities	-	-	-	-	-	-	-
Food services operations	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	71,329	218,554	5,027	78,983	20,097	63,154	183,985
Excess (deficiency) of revenues over expenditures	(8,389)	(25,230)	18,542	(10,658)	(13,390)	(4,465)	(144,332)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,389)	(25,230)	18,542	(10,658)	(13,390)	(4,465)	(144,332)
Fund balances at beginning of year, as restated	-	(3,423)	(18,542)	-	903	-	-
Fund balances at end of year	\$ (8,389)	(28,653)	-	(10,658)	(12,487)	(4,465)	(144,332)

Hilliard City School District

SPECIAL REVENUE FUNDS					TOTAL	CAPITAL PROJECTS FUNDS		TOTAL	
Sm. Learning Communities	Title VI-R	Other Federal	Auxiliary - St. Brendans	Auxiliary - Sunrise Acd.	SPECIAL REVENUE FUNDS	Perm. Improvement	School-Net	CAPITAL PROJECTS FUNDS	Total
-	-	62,111	-	-	1,717,462	-	-	-	1,717,462
-	-	-	-	-	675,262	-	-	-	675,262
-	-	-	-	-	-	-	193,253	193,253	193,253
-	-	-	229,650	93,996	603,479	-	-	-	603,479
-	-	-	-	-	31,750	-	-	-	31,750
-	-	-	-	-	2,499,615	-	-	-	2,499,615
-	-	-	1,226	-	1,641	-	-	-	1,641
-	-	-	-	-	1,363,672	-	-	-	1,363,672
-	-	-	-	-	435,814	-	-	-	435,814
14,966	-	-	-	-	186,157	-	-	-	186,157
14,966	-	62,111	230,876	93,996	7,514,852	-	193,253	193,253	7,708,105
-	8,141	-	-	-	328,850	-	-	-	328,850
-	-	59,268	-	-	1,760,986	-	-	-	1,760,986
-	8,141	59,268	-	-	2,089,836	-	-	-	2,089,836
-	-	-	-	-	456	-	-	-	456
-	-	-	-	-	34,765	-	-	-	34,765
-	-	-	-	-	900,000	-	-	-	900,000
-	-	-	-	-	95,556	-	50,193	50,193	145,749
-	-	-	-	-	190,302	-	-	-	190,302
-	-	-	-	-	76,168	-	-	-	76,168
-	-	-	-	-	1,297,247	-	50,193	50,193	1,347,440
-	-	-	-	-	445,195	-	-	-	445,195
-	-	-	-	-	3,293,956	-	-	-	3,293,956
-	-	-	209,578	90,427	1,331,249	-	-	-	1,331,249
-	-	-	-	-	-	-	51,825	51,825	51,825
-	8,141	59,268	209,578	90,427	8,457,483	-	102,018	102,018	8,559,501
14,966	(8,141)	2,843	21,298	3,569	(942,631)	-	91,235	91,235	(851,396)
-	-	-	-	-	908,497	-	-	-	908,497
-	-	-	-	-	(15,974)	-	-	-	(15,974)
-	-	-	-	-	892,523	-	-	-	892,523
14,966	(8,141)	2,843	21,298	3,569	(50,108)	-	91,235	91,235	41,127
(14,966)	21,858	(546)	42,458	(307)	206,084	296,147	-	296,147	502,231
-	13,717	2,297	63,756	3,262	155,976	296,147	91,235	387,382	543,358

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget positive (negative)</u>
SPECIAL REVENUE FUNDS			
Special Local Fund			
Total Revenues and Other Sources	\$ 163,000	162,796	(204)
Total Expenditures and Other Uses	262,432	140,636	121,796
Net Change in Fund Balance	(99,432)	22,160	121,592
Fund Balance, July 1	185,205	185,205	-
Fund Balance, June 30	<u>\$ 85,773</u>	<u>207,365</u>	<u>121,592</u>
Career Development Fund			
Total Revenues and Other Sources	\$ 5,250	7,467	2,217
Total Expenditures and Other Uses	5,061	9,993	(4,932)
Net Change in Fund Balance	189	(2,526)	(2,715)
Fund Balance, July 1	51	51	-
Fund Balance, June 30	<u>\$ 240</u>	<u>(2,475)</u>	<u>(2,715)</u>
Student Activity Fund			
Total Revenues and Other Sources	\$ 450,000	447,463	(2,537)
Total Expenditures and Other Uses	554,200	441,653	112,547
Net Change in Fund Balance	(104,200)	5,810	110,010
Fund Balance, July 1	113,287	113,287	-
Fund Balance, June 30	<u>\$ 9,087</u>	<u>119,097</u>	<u>110,010</u>
Win-Win			
Total Revenues and Other Sources	\$ 900,000	900,000	-
Total Expenditures and Other Uses	900,000	900,000	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>
Martha Holden Jennings Fund			
Total Revenues and Other Sources	\$ 1,750	1,750	-
Total Expenditures and Other Uses	4,107	1,793	2,314
Net Change in Fund Balance	(2,357)	(43)	2,314
Fund Balance, July 1	1,743	1,743	-
Fund Balance, June 30	<u>\$ (614)</u>	<u>1,700</u>	<u>2,314</u>

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2003

	Revised Budget	Actual	Variance with Revised Budget positive (negative)
Other Local Fund			
Total Revenues and Other Sources	\$ 13,500	13,630	130
Total Expenditures and Other Uses	25,435	6,450	18,985
Net Change in Fund Balance	(11,935)	7,180	19,115
Fund Balance, July 1	18,905	18,905	-
Fund Balance, June 30	\$ 6,970	26,085	19,115
Food Service Fund			
Total Revenues and Other Sources	\$ 3,500,000	3,015,509	(484,491)
Total Expenditures and Other Uses	3,522,000	3,038,625	483,375
Net Change in Fund Balance	(22,000)	(23,116)	(1,116)
Fund Balance, July 1	22,769	22,769	-
Fund Balance, June 30	\$ 769	(347)	(1,116)
Latchkey			
Total Revenues and Other Sources	\$ 1,200,000	1,134,731	(65,269)
Total Expenditures and Other Uses	1,119,900	992,125	127,775
Net Change in Fund Balance	80,100	142,606	62,506
Fund Balance, July 1	19,959	19,959	-
Fund Balance, June 30	\$ 100,059	162,565	62,506
School Testing			
Total Revenues and Other Sources	\$ 150,000	380,205	230,205
Total Expenditures and Other Uses	285,100	383,994	(98,894)
Net Change in Fund Balance	(135,100)	(3,789)	131,311
Fund Balance, July 1	203,574	203,574	-
Fund Balance, June 30	\$ 68,474	199,785	131,311
4-Mat Training			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	500	-	500
Net Change in Fund Balance	(500)	-	500
Fund Balance, July 1	454	454	-
Fund Balance, June 30	\$ (46)	454	500

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget positive (negative)</u>
Educational Management Information Systems (EMIS Grant)			
Total Revenues and Other Sources	\$ 50,000	50,302	302
Total Expenditures and Other Uses	50,000	50,302	(302)
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ -	-	-
Ohio Education Computer Network (O.E.C.N.)			
Total Revenues and Other Sources	\$ -	70,000	70,000
Total Expenditures and Other Uses	140,000	140,000	-
Net Change in Fund Balance	(140,000)	(70,000)	70,000
Fund Balance, July 1	70,000	70,000	-
Fund Balance, June 30	\$ (70,000)	-	70,000
School Improvement			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	3,177	3,160	17
Net Change in Fund Balance	(3,177)	(3,160)	17
Fund Balance, July 1	20,857	20,857	-
Fund Balance, June 30	\$ 17,680.00	17,697	17
Other State			
Total Revenues and Other Sources	\$ 135,000	134,600	(400)
Total Expenditures and Other Uses	149,824	147,059	2,765
Net Change in Fund Balance	(14,824)	(12,459)	2,365
Fund Balance, July 1	27,843	27,843	-
Fund Balance, June 30	\$ 13,019	15,384	2,365
Eisenhower Grant			
Total Revenues and Other Sources	\$ 20,000	24,838	4,838
Total Expenditures and Other Uses	46,950	69,342	(22,392)
Net Change in Fund Balance	(26,950)	(44,504)	(17,554)
Fund Balance, July 1	15,945	15,945	-
Fund Balance, June 30	\$ (11,005)	(28,559)	(17,554)

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget positive (negative)</u>
Title VI-B Flow-thru			
Total Revenues and Other Sources	\$ 251,332	251,332	-
Total Expenditures and Other Uses	138,437	251,332	(112,895)
Net Change in Fund Balance	112,895	-	(112,895)
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ 112,895	-	(112,895)
Part B - IDEA			
Total Revenues and Other Sources	\$ 973,668	967,457	(6,211)
Total Expenditures and Other Uses	1,047,400	955,553	91,847
Net Change in Fund Balance	(73,732)	11,904	85,636
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ (73,732)	11,904	85,636
Title III			
Total Revenues and Other Sources	\$ 64,000	62,940	(1,060)
Total Expenditures and Other Uses	-	60,016	(60,016)
Net Change in Fund Balance	64,000	2,924	(61,076)
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ 64,000	2,924	(61,076)
Title I			
Total Revenues and Other Sources	\$ 235,000	229,253	(5,747)
Total Expenditures and Other Uses	264,232	252,612	11,620
Net Change in Fund Balance	(29,232)	(23,359)	5,873
Fund Balance, July 1	29,301	29,301	-
Fund Balance, June 30	\$ 69	5,942	5,873
Title VI			
Total Revenues and Other Sources	\$ 57,157	57,157	-
Total Expenditures and Other Uses	25,702	57,607	(31,905)
Net Change in Fund Balance	31,455	(450)	(31,905)
Fund Balance, July 1	450	450	-
Fund Balance, June 30	\$ 31,905	-	(31,905)

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget positive (negative)</u>
Title V			
Total Revenues and Other Sources	\$ 22,843	68,325	45,482
Total Expenditures and Other Uses	71,001	66,577	4,424
Net Change in Fund Balance	(48,158)	1,748	49,906
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ (48,158)	1,748	49,906
Drug-Free Grant			
Total Revenues and Other Sources	\$ 32,000	31,647	(353)
Total Expenditures and Other Uses	34,584	32,713	1,871
Net Change in Fund Balance	(2,584)	(1,066)	1,518
Fund Balance, July 1	615	615	-
Fund Balance, June 30	\$ (1,969)	(451)	1,518
Preschool Grant			
Total Revenues and Other Sources	\$ 80,000	77,879	(2,121)
Total Expenditures and Other Uses	80,000	4,696	75,304
Net Change in Fund Balance	-	73,183	73,183
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ -	73,183	73,183
Title II			
Total Revenues and Other Sources	\$ -	138,963	138,963
Total Expenditures and Other Uses	-	129,963	(129,963)
Net Change in Fund Balance	-	9,000	9,000
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ -	9,000	9,000
Smaller Learning Communities			
Total Revenues and Other Sources	\$ -	875	875
Total Expenditures and Other Uses	-	-	-
Net Change in Fund Balance	-	875	875
Fund Balance, July 1	(875)	(875)	-
Fund Balance, June 30	\$ (875)	-	875

HILLIARD CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the fiscal year ended June 30, 2003

	Revised Budget	Actual	Variance with Revised Budget positive (negative)
Title VI-R			
Total Revenues and Other Sources	\$ 109,727	109,727	-
Total Expenditures and Other Uses	141,236	127,549	13,687
Net Change in Fund Balance	(31,509)	(17,822)	13,687
Fund Balance, July 1	17,822	17,822	-
Fund Balance, June 30	\$ (13,687)	-	13,687
Other Federal Grants			
Total Revenues and Other Sources	\$ 75,273	62,111	(13,162)
Total Expenditures and Other Uses	60,707	62,111	(1,404)
Net Change in Fund Balance	14,566	-	(14,566)
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ 14,566	-	(14,566)
Auxiliary Services - St. Brendans			
Total Revenues and Other Sources	\$ 231,004	230,876	(128)
Total Expenditures and Other Uses	188,764	247,213	(58,449)
Net Change in Fund Balance	42,240	(16,337)	(58,577)
Fund Balance, July 1	16,405	16,405	-
Fund Balance, June 30	\$ 58,645	68	(58,577)
Auxiliary Services - Sunrise Academy			
Total Revenues and Other Sources	\$ 93,996	93,996	-
Total Expenditures and Other Uses	93,986	93,982	4
Net Change in Fund Balance	10	14	4
Fund Balance, July 1	(4)	(4)	-
Fund Balance, June 30	\$ 6	10	4

HILLIARD CITY SCHOOL DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 For the fiscal year ended June 30, 2003

	Revised Budget	Actual	Variance with Revised Budget positive (negative)
CAPITAL PROJECTS FUNDS			
Permanent Improvement Fund			
Total Revenues and Other Sources	\$ -	-	-
Total Expenditures and Other Uses	296,100	-	296,100
Net Change in Fund Balance	(296,100)	-	296,100
Fund Balance, July 1	296,147	296,147	-
Fund Balance, June 30	<u>\$ 47</u>	<u>296,147</u>	<u>296,100</u>
SchoolNet			
Total Revenues and Other Sources	\$ 200,000	193,253	(6,747)
Total Expenditures and Other Uses	150,000	102,017	47,983
Net Change in Fund Balance	50,000	91,236	41,236
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ 50,000</u>	<u>91,236</u>	<u>41,236</u>

Hilliard City School District

FIDUCIARY FUND TYPE

Agency Funds

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

SECTION 125 AGENCY FUND

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

STUDENT ACTIVITY AGENCY FUND

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

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HILLIARD CITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND LIABILITIES - AGENCY FUNDS
 JUNE 30, 2003

	SECTION 125 AGENCY FUND	STUDENT ACTIVITY AGENCY FUND	TOTAL AGENCY FUNDS
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and investments	\$ 21,053	300,858	321,911
Receivables	-	3,471	3,471
TOTAL ASSETS	<u>21,053</u>	<u>304,329</u>	<u>325,382</u>
LIABILITIES:			
Accounts payable	-	20,939	20,939
Due to other:			
Funds	-	16,096	16,096
Other	21,053	267,294	288,347
TOTAL LIABILITIES	<u>\$ 21,053</u>	<u>304,329</u>	<u>325,382</u>

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Statistical Section

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

Fiscal Years	Instructional Services	Support Services	Extra- Curricular	Food Service		Community Service	Capital Outlay	Debt Service	Total
				Operations	NA				
1994	\$24,016,398	\$14,487,482	\$614,566	NA	(2)	\$7,009	\$11,561,763	\$6,228,433	\$56,915,651
1995	26,477,021	16,009,132	698,671	NA	(2)	364	2,233,506	6,149,675 (1)	51,568,369
1996	28,434,830	17,000,668	711,756	NA	(2)	132,001	32,564,271	9,540,073	88,383,599
1997	32,786,166	20,795,686	952,711	NA	(2)	161,959	29,297,515	9,433,455	93,427,492
1998	38,828,497	24,331,776	1,169,942	NA	(2)	218,051	11,007,614	10,738,795	86,294,675
1999	42,197,781	27,514,359	1,317,651	NA	(2)	216,122	1,979,456	9,974,532	83,199,901
2000	47,533,158	30,257,530	1,547,220	NA	(2)	214,972	2,917,741	12,759,585	95,230,206
2001	55,807,448	35,031,062	1,622,961	NA	(2)	319,408	22,019,097	19,878,115	134,678,091
2002	63,006,910	40,790,693	1,921,211	NA	(2)	358,912	11,569,517	12,990,624	130,637,867
2003	67,918,232	44,288,577	2,498,434	3,334,698	(2)	1,331,249	8,948,044	13,092,514	141,411,748

Notes:

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

Source: Office of the Treasurer, Hilliard City School District

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

Fiscal Years	Property and Taxes	State Sources	Federal Sources	Investment Income	Food Service	Tuition	Classroom Materials & Fees	Extra - curricular	Other	Total
1994	\$30,729,031	\$12,770,900	\$642,695	\$629,381	NA	\$14,884	\$209,114	\$189,671	\$228,604	\$45,414,280
1995	34,730,455	13,716,836	559,097	1,460,864	NA	3,500	258,672	203,907	145,351	51,078,682
1996	41,585,060	17,741,069	827,291	3,003,730	NA	7,778	404,008	182,710	225,179	63,976,825
1997	50,785,629	18,851,947	699,700	2,756,529	NA	29,231	422,605	193,921	552,202	74,291,764
1998	50,810,677	21,356,378	675,904	2,070,190	NA	19,010	463,631	283,391	545,046	76,224,227
1999	62,960,943	24,212,863	800,686	2,197,976	NA	155,948	505,142	339,602	315,952	91,489,112
2000	53,823,395	26,520,139	1,306,816	4,296,915	NA	132,223	560,258	407,527	285,976	87,333,249
2001	71,350,080	31,136,490	1,356,308	5,817,555	NA	238,313	621,822	408,323	1,103,855	112,032,746
2002	74,805,054	37,888,870	1,361,236	1,961,608	NA	163,424	650,510	440,346	709,896	117,980,944
2003	70,972,300	41,475,237	2,664,511	1,029,779	2,499,615	1,595,438	705,115	442,997	716,336	122,101,328

Notes:

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

Source: Office of the Treasurer, Hilliard City School District

Table 3

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

Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections		Total Tax Collections	Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
				Tax Collections	Tax Collections				
1994	\$35,078,774	\$34,738,388	99.03	\$1,173,017	\$35,911,405	102.37	\$2,282,392	6.51	
1995	38,639,345	38,689,663	100.13	1,161,475	39,851,138	103.14	2,463,386	6.38	
1996	51,471,843	50,949,280	98.98	1,269,916	52,219,196	101.45	3,247,589	6.31	
1997	56,413,028	54,982,041	97.46	1,578,916	56,560,957	100.26	3,255,971	5.77	
1998	58,648,714	58,265,444	99.35	1,624,259	59,889,703	102.12	3,448,187	5.88	
1999	61,832,795	61,171,877	98.93	2,040,762	63,212,639	102.23	3,096,157	5.01	
2000	75,189,849	65,675,676	87.35	2,040,762	67,716,438	90.06	5,394,910	7.18	
2001	79,683,579	76,991,913	96.62	2,457,396	79,948,809	100.33	9,339,902	11.72	
2002	83,014,896	77,249,924	93.06	4,171,222	81,421,146	98.08	7,148,374	8.61	
2003	81,365,322	81,773,234	100.50	2,505,364	84,278,598	103.58	7,451,654	9.16	

Note: The information above is for real estate, public utilities and tangible personal property collections and levies.

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

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

Collection Year	REAL PROPERTY			PERSONAL PROPERTY			PUBLIC UTILITY			TOTAL		
	%	Assessed Value	Estimated	%	Assessed Value	Estimated	%	Assessed Value	Estimated	Assessed Value	Estimated	
			Actual Value			Actual Value			Actual Value		Actual Value	
1994	35%	\$752,938,640	\$2,151,253,257	25%	\$145,602,988	\$582,411,952	35%	\$49,847,780	\$142,422,229	\$948,389,408	\$2,876,087,438	
1995	35%	803,101,390	2,294,575,400	25%	147,578,179	590,312,716	35%	51,826,900	148,076,857	1,002,506,469	3,032,964,973	
1996	35%	896,338,930	2,560,968,371	25%	153,306,055	613,224,220	35%	51,767,390	147,906,829	1,101,412,375	3,322,099,420	
1997	35%	1,035,851,200	2,959,574,857	25%	163,298,062	653,192,248	35%	56,171,680	160,490,514	1,255,320,942	3,773,257,619	
1998	35%	1,092,874,280	3,122,497,943	25%	194,111,631	776,446,524	35%	58,487,990	167,108,543	1,345,473,901	4,066,053,010	
1999	35%	1,169,078,190	3,340,223,400	25%	203,301,812	813,207,248	35%	60,927,550	174,078,714	1,433,307,552	4,327,509,362	
2000	35%	1,376,821,610	3,933,776,029	25%	217,372,611	869,490,444	35%	64,454,980	184,157,086	1,658,649,201	4,987,423,558	
2001	35%	1,460,389,470	4,172,541,343	25%	240,607,331	962,429,324	35%	66,058,070	188,737,343	1,767,054,871	5,323,708,010	
2002	35%	1,514,961,350	4,328,461,000	25%	223,691,355	894,765,420	35%	46,530,060	132,943,029	1,785,182,765	5,356,169,449	
2003	35%	1,720,019,110	4,914,340,314	25%	266,034,379	1,064,137,516	35%	61,488,430	175,681,229	2,047,541,919	6,154,159,059	

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

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

Collection Year	Hilliard City		Franklin County	City of Hilliard	Columbus		Tolles		Township	Total Rate	Residential/ Agriculture Effective Rate	Commercial/ Industrial Effective Rate
	School District	School District			Metropolitan Library	Vocational School	Metropolitan Library	Vocational School				
1994	50.37	14.57	1.60	1.60	2.20	1.60	1.60	11.50	81.84	56.235954	60.524885	
1995	52.15	14.57	1.60	1.60	2.20	1.60	1.60	11.50	83.62	57.633277	61.488304	
1996	60.65	14.82	1.60	1.60	2.20	1.60	1.60	11.50	92.37	65.918171	69.497110	
1997	60.28	15.12	1.60	1.60	2.20	1.60	1.60	11.50	92.30	61.838005	66.918697	
1998	59.96	15.22	1.60	1.60	2.20	1.60	1.60	11.50	92.08	61.420578	66.331342	
1999	59.71	17.54	1.60	1.60	2.20	1.60	1.60	17.50	100.15	68.972442	73.826606	
2000	59.71	17.64	1.60	1.60	2.20	1.60	1.60	17.50	100.25	63.369134	71.939652	
2001	65.61	17.64	1.60	1.60	2.20	1.10	1.10	17.50	105.65	68.282835	76.214978	
2002	65.61	17.64	1.60	1.60	2.20	1.10	1.10	17.50	105.65	67.831317	75.649651	
2003	64.44	17.64	1.60	1.60	2.20	0.50	0.50	17.50	103.88	61.645226	70.641946	

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

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

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

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

Collection Year	Hilliard City	Franklin County	City of Hilliard	Columbus		Tolles		Township	Total Rate	Residential/	Commercial/
	School District			Metropolitan Library	Vocational School	Agriculture	Industrial				
									Effective Rate	Effective Rate	
1994	50.37	14.57	1.60	2.20	1.60	1.60	10.30	80.64	54.578533	58.315404	
1995	52.15	14.57	1.60	2.20	1.60	1.60	11.55	83.67	57.070958	60.849514	
1996	60.65	14.82	1.60	2.20	1.60	1.60	13.04	93.91	67.598890	70.810796	
1997	60.28	15.12	1.60	2.20	1.60	1.60	13.03	93.83	63.451847	68.156823	
1998	59.96	15.22	1.60	2.20	1.60	1.60	13.02	93.60	62.933430	67.475708	
1999	59.71	17.54	1.60	2.20	1.60	1.60	13.01	95.66	64.512120	68.920900	
2000	59.71	17.64	1.60	2.20	1.60	1.60	14.50	97.25	60.946688	68.184455	
2001	65.61	17.64	1.60	2.20	1.10	1.10	14.50	102.65	67.212983	73.636286	
2002	65.61	17.64	1.60	2.20	1.10	1.10	14.50	102.65	66.764387	73.067154	
2003	64.44	17.64	1.60	2.20	0.50	0.50	14.50	100.88	60.530455	68.364866	

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

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

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

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

Collection Year	Hilliard City		Columbus		Tolles		Township	Total Rate	Residential/ Agriculture Effective Rate	Commercial/ Industrial Effective Rate
	School District	Franklin County	Metropolitan Library	Vocational School	School					
1994	50.37	14.57	2.20	1.60	1.60	7.60	76.34	49.191951	52.691094	
1995	52.15	14.57	2.20	1.60	1.60	9.60	80.12	58.644518	61.991099	
1996	60.65	14.82	2.20	1.60	1.60	9.60	88.87	67.011071	70.215301	
1997	60.28	15.12	2.20	1.60	1.60	9.60	88.80	62.615826	67.969348	
1998	59.96	15.22	2.20	1.60	1.60	9.60	88.58	62.181526	67.408663	
1999	59.71	17.54	2.20	1.60	1.60	9.60	90.65	63.773089	68.831997	
2000	59.71	17.64	2.20	1.60	1.60	9.60	90.75	58.512449	65.574665	
2001	65.61	17.64	2.20	1.10	1.10	9.60	96.15	63.500294	70.122365	
2002	65.61	17.64	2.20	1.10	1.10	9.60	96.15	63.054570	69.685910	
2003	64.44	17.64	2.20	0.50	0.50	9.60	94.38	56.931749	65.675575	

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

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

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

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

Collection Year	Hilliard City	Columbus		Tolles		Township	Total Rate	Residential/	Commercial/
	School District	Franklin County	Metropolitan Library	Metropolitan School	Vocational School			Agriculture Effective Rate	Industrial Effective Rate
1994	50.37	14.57	2.20	1.60	1.60	13.05	58.925860	63.729034	
1995	52.15	14.57	2.20	1.60	1.60	13.05	60.406826	65.019068	
1996	60.65	14.82	2.20	1.60	1.60	13.05	68.813755	73.253783	
1997	60.28	15.12	2.20	1.60	1.60	13.05	64.515003	70.679085	
1998	59.96	15.22	2.20	1.60	1.60	13.05	64.119807	70.081651	
1999	59.71	17.54	2.20	1.60	1.60	13.05	65.747923	71.595150	
2000	59.71	17.64	2.20	1.60	1.60	13.05	60.148543	69.954069	
2001	65.61	17.64	2.20	1.10	1.10	13.05	65.181867	74.542600	
2002	65.61	17.64	2.20	1.10	1.10	13.05	64.818439	74.078042	
2003	64.44	17.64	2.20	0.50	0.50	13.05	58.698682	69.933144	

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

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

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

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

Collection Year	Hilliard City School District		Franklin County		Columbus Metropolitan Library		Tolles Vocational School		Total Rate	Residential/Agriculture		Commercial/Industrial	
	District	County	Library	School	Township	Rate	Effective Rate	Effective Rate					
1994	50.37	14.57	2.20	1.60	12.80	81.54	55.267779	59.218777					
1995	52.15	14.57	2.20	1.60	12.80	83.32	56.665059	60.182196					
1996	60.65	14.82	2.20	1.60	12.80	92.07	64.949751	68.160415					
1997	60.28	15.12	2.20	1.60	12.80	92.00	60.783594	65.602910					
1998	59.96	15.22	2.20	1.60	12.80	91.78	60.366039	65.015555					
1999	59.71	17.54	2.20	1.60	18.80	99.85	67.916683	72.508755					
2000	59.71	17.64	2.20	1.60	18.80	99.95	62.245651	70.555437					
2001	65.61	17.64	2.20	1.10	18.80	105.35	67.160040	74.831472					
2002	65.61	17.64	2.20	1.10	18.80	105.35	66.706216	74.266145					
2003	64.44	17.64	2.20	0.50	21.60	106.38	62.997289	71.913435					

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

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

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

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

Collection Year	Hilliard City School District		Franklin County		Columbus Metropolitan Library		Tolles Vocational School		Total Rate	Residential/Agriculture		Commercial/Industrial	
	District	County	Library	School	Township	Rate	Effective Rate	Effective Rate					
1994	50.37	14.57	2.20	1.60	14.00	82.74	57.916596	63.607325					
1995	52.15	14.57	2.20	1.60	14.00	84.52	59.388917	64.917818					
1996	60.65	14.82	2.20	1.60	14.00	93.27	67.760944	73.167919					
1997	60.28	15.12	2.20	1.60	14.00	93.20	63.594011	70.480237					
1998	59.96	15.22	2.20	1.60	14.20	93.18	64.662082	70.926700					
1999	59.71	17.54	2.20	1.60	14.20	95.25	66.266049	72.542192					
2000	59.71	17.64	2.20	1.60	14.20	95.35	62.616960	71.581722					
2001	65.61	17.64	2.20	1.10	14.20	100.75	67.613731	75.951272					
2002	65.61	17.64	2.20	1.10	14.20	100.75	67.250562	75.460507					
2003	64.44	17.64	2.20	0.50	14.20	98.98	60.947423	71.002727					

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

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

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

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

Collection Year	Hilliard City School District		Franklin County		Columbus Metropolitan Library		Tolles Vocational School		Total Rate	Residential/Agriculture		Commercial/Industrial	
	District	County	Library	School	Township	Rate	Effective Rate	Effective Rate					
1994	50.37	14.57	2.20	1.60	15.80	84.54	56.577401	60.253466					
1995	52.15	14.57	2.20	1.60	17.05	87.57	59.071551	62.931054					
1996	60.65	14.82	2.20	1.60	18.54	97.81	69.653291	72.921770					
1997	60.28	15.12	2.20	1.60	18.53	97.73	65.175948	70.076139					
1998	59.96	15.22	2.20	1.60	18.52	97.50	64.656975	69.403404					
1999	59.71	17.54	2.20	1.60	18.51	99.56	66.225186	70.527093					
2000	59.71	17.64	2.20	1.60	20.01	101.16	62.081763	69.508406					
2001	65.61	17.64	2.20	1.10	20.00	106.55	68.316940	74.905430					
2002	65.61	17.64	2.20	1.10	20.00	106.55	67.876987	74.314228					
2003	64.44	17.64	2.20	0.50	20.00	104.78	61.235945	69.287395					

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

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

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

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

Collection Year	Hilliard City		Franklin County	City of Dublin	Columbus		Tolles		Township	Total Rate	Residential/ Agriculture		Commercial/ Industrial	
	School District	School			Library	Metropolitan	School	Vocational			Effective Rate	Effective Rate	Effective Rate	Effective Rate
1994	50.37		14.57	2.98	2.20	1.60	1.60	10.30	82.02	55.090930	58.906020			
1995	52.15		14.57	2.98	2.20	1.60	1.60	11.55	85.05	57.585209	61.447526			
1996	60.65		14.82	2.98	2.20	1.60	1.60	13.04	95.29	68.107150	71.398175			
1997	60.28		15.12	2.98	2.20	1.60	1.60	13.03	95.21	63.935997	68.723679			
1998	59.96		15.22	2.97	2.20	1.60	1.60	13.02	94.97	63.402514	68.026816			
1999	59.71		17.54	2.97	2.20	1.60	1.60	13.01	97.03	64.981559	69.472688			
2000	59.71		17.64	2.97	2.20	1.60	1.60	14.51	98.63	61.385264	68.706571			
2001	65.61		17.64	2.97	2.20	1.10	1.10	14.50	104.02	67.650122	74.150774			
2002	65.61		17.64	2.97	2.20	1.10	1.10	14.50	104.02	67.198544	73.576695			
2003	64.44		17.64	2.97	2.20	0.50	0.50	14.50	102.25	60.934732	68.848585			

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

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

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

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

Collection Year	Hilliard City		Franklin County		City of Columbus		Columbus		Tolles		Total Rate	Residential/ Agriculture		Commercial/ Industrial Effective Rate
	School District	County	Columbus	Library	Metropolitan	Vocational	School	Effective Rate	Effective Rate					
1994	50.37	14.57	3.14	2.20	1.60			71.88	50.731951	54.231094				
1995	52.15	14.57	3.14	2.20	1.60			73.66	52.216534	55.531099				
1996	60.65	14.82	3.14	2.20	1.60			82.41	60.620407	63.755301				
1997	60.28	15.12	3.14	2.20	1.60			82.34	57.046722	61.509348				
1998	59.96	15.22	3.14	2.20	1.60			82.12	56.657574	60.948663				
1999	59.71	17.54	3.14	2.20	1.60			84.19	58.277137	62.508061				
2000	59.71	17.64	3.14	2.20	1.60			84.29	58.277137	62.508061				
2001	65.61	17.64	3.14	2.20	1.10			89.69	59.136726	65.492565				
2002	65.61	17.64	3.14	2.20	1.10			89.69	58.780618	65.056110				
2003	64.44	17.64	3.14	2.20	0.50			87.92	53.568197	61.045775				

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

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

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

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

Collection Year	Hilliard City		Union County	City of Dublin	Vocational		Township	Total Rate	Residential/ Agriculture		Commercial/ Industrial Effective Rate
	School District	County			School	School			Effective Rate	Effective Rate	
1994	50.37	10.90	2.98	1.60	10.30	76.15	46.904500	49.448342			
1995	52.15	10.90	2.98	1.60	11.55	79.18	46.904500	49.448342			
1996	60.65	9.10	2.98	1.60	13.04	87.37	62.272376	65.034878			
1997	60.28	9.10	2.98	1.60	12.93	86.89	59.025110	62.367534			
1998	59.96	9.10	2.97	1.60	12.92	86.55	59.441800	61.591490			
1999	59.71	9.10	2.97	1.60	12.91	86.29	57.338500	61.084700			
2000	59.71	9.10	2.97	1.60	14.41	87.79	54.400026	60.724691			
2001	65.61	9.10	2.97	1.10	14.40	93.18	60.742275	66.401290			
2002	65.61	10.60	2.97	1.10	14.40	94.68	61.478580	66.925823			
2003	64.44	10.60	2.97	0.50	14.40	92.91	55.715400	62.470000			

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

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

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

**HILLIARD CITY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
2003 Collection Year**

	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
<u>Public Utilities</u>		
1. Columbus Southern Power Company	\$34,076,840	1.66%
2. Ohio Bell Telephone Co.	8,305,630	0.41%
3. AT&T Wireless PCS LLC	6,922,550	0.34%
<u>Real Estate</u>		
1. Keystone-Ohio Property	9,248,140	0.45%
2. SFERS Real Estate Corp	7,726,260	0.38%
3. United Dominion Realty	6,930,010	0.34%
4. JAL Realty Co.	6,807,010	0.33%
5. One Mill LLC	6,723,760	0.33%
6. Westpointe Plaza LP	6,512,340	0.32%
7. Westbelt Industrial LLC	6,197,820	0.30%
8. Market Village Investment	6,195,020	0.30%
9. Millington Investment Co.	6,020,010	0.29%
10. Edwards Golf Communities	5,881,810	0.29%
<u>Tangible Personal Property</u>		
1. Roxane Laboratories, Inc.	30,084,340	1.47%
2. Unet Technologies, Inc.	22,652,240	1.11%
3. ISP Fine Chemicals, Inc.	6,427,710	0.31%
4. Sol Piri Inc	5,440,810	0.27%
5. SIG Combibloc Inc	4,710,710	0.23%
6. Dana Corporation	4,520,150	0.22%
7. Ball Metal Food Container Corp	3,631,170	0.18%
8. Parker Hannifin Corporation	3,569,360	0.17%
9. Pactiv Corporation	3,170,820	0.15%
10. Simpson Strong-Tie Company Inc	3,166,290	0.15%
ALL OTHERS	<u>1,842,621,119</u>	<u>89.99%</u>
TOTAL ASSESSED VALUATION	<u><u>\$2,047,541,919</u></u>	<u><u>100.00%</u></u>

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

**HILLIARD CITY SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2003**

Total assessed valuation		(1) \$ 2,047,541,919
Gross indebtedness		132,025,500
Less exempt debt		-
Total non exempt debt		132,025,500
Unvoted debt limitations	1/10 of a 1% of tax valuation	9/10 of 1% of tax valuation
	2,047,542	18,427,877
Total non-exempt limited tax bonds and notes outstanding:	1/10 of 1% of	9/10 of 1% of
Bonds	-	-
Notes	-	-
Debt leeway within the 1/10th of 1% unvoted debt limitation (but subject to indirect debt limitation) (2)	2,047,542	18,427,877
9% of tax valuation (voted and unvoted debt limitation) (2)		184,278,773
Total non-exempt bonds and notes outstanding		
Bonds		132,025,500
Debt leeway with 9% direct debt limitation		52,253,273 *

Note (1): Assessed valuation from Table 4

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

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

Source: Office of the Treasurer, Hilliard City School District

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

Fiscal Year	Estimated Population (1)	Assessed Value		General Bonded		Less Debt Service Fund (5)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	
		Real & Personal Property (3)		Bonded Debt (4)				Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	47,306	\$948,389,408		\$49,284,615		\$3,267,943	\$46,016,672	4.85%	\$972.74
1995	54,508	1,002,506,469		81,284,588		4,803,919	76,480,669	7.63%	1403.11
1996	56,653	1,101,412,375		111,762,828		4,948,839	106,813,989	9.70%	1885.41
1997	58,284	1,255,320,942		107,872,828		6,243,950	101,628,878	8.10%	1743.70
1998	57,353	1,345,473,901		103,407,003		5,058,933	98,348,070	7.31%	1714.79
1999	70,448 (2)	1,433,307,552		98,157,004		7,249,382	90,907,622	6.34%	1290.42
2000	79,125	1,658,649,201		151,455,819		6,398,365	145,057,454	8.75%	1833.27
2001	84,300	1,767,054,871		145,205,500		6,337,743	138,867,757	7.86%	1647.30
2002	87,250	1,785,182,765		138,815,500		6,889,947	131,925,553	7.39%	1512.04
2003	91,600	2,047,541,919		132,025,500		6,368,224	125,657,276	6.14%	1371.80

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

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

Note (3): Assessed value from Table 4.

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

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

Source: Office of the Treasurer, Hilliard City School District

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

Fiscal Year	General Obligation Bond Debt Service		Total General Governmental Expenditures (1)	Ratio of General Obligation Bond Debt Service to Total General Governmental Expenditures
	Principal	Interest		
1994	\$2,840,000	\$3,357,535	\$6,197,535	10.89
1995	3,000,000	3,149,675	6,149,675	11.93
1996	4,520,000	5,020,073	9,540,073	10.79
1997	3,890,000	5,543,455	9,433,455	10.10
1998	4,965,000	5,187,757	10,152,757	11.77
1999	5,250,000	4,724,532	9,974,532	11.99
2000	5,900,000	4,434,021	10,334,021	10.85
2001	6,250,000	7,038,914	13,288,914	9.87
2002	6,389,996	6,525,573	12,915,569	9.92
2003	6,790,000	6,159,015	12,949,015	9.16

Source: Office of the Treasurer, Hilliard City School District

**HILLIARD CITY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2003**

	<u>General Bonded Debt</u>	<u>Percent Over-lapping</u>	<u>Applicable to Hilliard City School District</u>
Franklin County	\$ 129,925,000	8.07%	\$ 10,484,948
City of Columbus	769,560,000	7.03%	54,100,068
Hilliard City School District	132,025,500	100.00%	132,025,500
City of Dublin	62,747,658	2.40%	1,505,944
Washington Township	370,000	4.02%	14,874
Norwich Township	-	-	-
City of Hilliard	11,430,000	99.86%	11,413,998
Prairie Township	-	-	-
Union County - Washington Township of Franklin Co.	-	-	-
Brown Township	-	-	-
Franklin Township	-	-	-
TOTAL	<u><u>\$ 1,106,058,158</u></u>		<u><u>\$ 209,545,332</u></u>

Note: Information is most recent available information.

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

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

Year	Elementary School Enrollment	Middle School Enrollment	High School Enrollment	Total School Enrollment
1994	5,297	1,290	2,075	8,662
1995	5,797	1,378	2,250	9,425
1996	6,213	1,450	2,378	10,041
1997	6,619	1,562	2,553	10,734
1998	6,780	1,657	2,774	11,211
1999	7,185	1,818	3,002	12,005
2000	7,325	1,892	3,192	12,409
2001	7,551	2,026	3,296	12,873
2002	7,685	2,072	3,579	13,336
2003	7,851	2,151	3,852	13,854

Source: Office of Community Relations, Hilliard City School District

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

Fiscal Year	Residential (1)		Commercial (1)		Industrial (1)		Bank		Property Value (3)
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Deposits (2)	Value (3)	
1994	576	\$69,873,558	24	\$7,589,493	6	\$1,926,000	\$18,074,036,000	\$2,876,087,438	
1995	526	82,690,980	64	57,255,297	0	0	19,048,525,000	3,032,964,973	
1996	462	63,325,739	67	38,012,919	0	0	20,065,000,000	3,322,099,420	
1997	424	67,308,664	69	6,973,738	0	0	20,604,499,000	3,773,257,619	
1998	232	42,707,704	65	18,760,862	0	0	19,077,211,000	4,066,053,010	
1999	220	48,904,375	15	8,562,908	0	0	41,599,732,000	4,327,509,362	
2000	219	52,180,707	10	4,945,000	0	0	39,568,044,000	5,047,423,559	
2001	181	40,821,072	16	21,201,832	0	0	36,931,205,000	5,323,708,010	
2002	239	59,999,460	20	21,901,278	0	0	39,056,316,000	5,356,169,449	
2003	NA	NA	NA	NA	NA	NA	NA	NA	

Sources:

(1) Office of Finance, City of Hilliard

(2) Total deposits of all banks headquartered in Franklin County (includes national and state chartered banks). State of Ohio, Department of Commerce, Division of Financial Institutions.

(3) Office of the County Auditor, Franklin County, Ohio.

NA = Not Available

**HILLIARD CITY SCHOOL DISTRICT
COST TO EDUCATE A 2003 GRADUATE**

<u>School Year (1)</u>	<u>Grade</u>	<u>Annual Per Pupil Cost (2)</u>
2003	12	\$8,365
2002	11	8,367
2001	10	7,602
2000	9	6,932
1999	8	6,369
1998	7	6,070
1997	6	5,527
1996	5	4,784
1995	4	4,856
1994	3	4,777
1993	2	4,333
1992	1	4,277
1991	Kindergarten	2,140
Total Cost		<u><u>\$74,399</u></u>

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

Notes:

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

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

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

**HILLIARD CITY SCHOOL DISTRICT
MISCELLANEOUS STATISTICS
Fiscal Year 2003**

Table 14

Date of Incorporation	1870
Enrollment - October, 2002	13,854
Staff - October, 2002	
Certificated	1,223
Classified	493
Total	1,716

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

Cost Per Pupil - FY03	\$8,365
Valuation Per Pupil	\$143,479

Standardized Test Scores:

American College Test (ACT)

	HCSD	Ohio	National
English	20.3	20.6	20.3
Mathematics	22.4	21.1	20.6
Reading	22.0	21.8	21.2
Science Reasoning	21.7	21.4	20.8
Composite	21.7	21.4	20.8

Scholastic Aptitude Test (SAT)

	HCSD	Ohio	National
Verbal	511	536	507
Mathematics	527	541	519

National Merit Scholarship Qualifying Test CPSAT/NMSQT

Semi-finalist	3
Commended Scholars	11

Source: Hilliard City School District Offices of Treasurer, EMIS, Assessment and Intervention Report and ODE 2003 Equity Valuation Report.

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HILLIARD CITY SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 30, 2004**