

HEATH CITY SCHOOL DISTRICT

Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**



HEATH CITY SCHOOL DISTRICT

Heath, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2013**

Prepared by:

**Mr. Bradley T. Hall
Treasurer**



HEATH CITY SCHOOL DISTRICT

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HEATH CITY SCHOOL DISTRICT



INTRODUCTORY SECTION



***Board of Education
Heath City Schools***



Office of the Treasurer

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

December 3, 2013

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

As the Superintendent and Treasurer of the Heath City School District (the District), we are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2013 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

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

The District provides a full range of education programs and services to 1,614 students. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels, a broad range of co-curricular and extracurricular activities, and special education services. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a special revenue fund. The non-public school operations have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

HEATH CITY SCHOOL DISTRICT

***Letter of Transmittal
For the Fiscal Year Ended June 30, 2013***

ECONOMIC CONDITIONS AND OUTLOOK

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

Consistent and modestly paced commercial, industrial, and residential growth continues to favor the City of Heath. Other major employers, including Kaiser Aluminum, continued to operate in a solid fashion. A very favorable sign related to industrial growth is that the Port Authority and Mid-Ohio Development were considered as possible sights by several national companies for the re-location of operation centers.

Several new businesses, including Coughlin Toyota, Longhorn Steakhouse, Community Bank, Pappy's Grill, Homestead Beer, and the Goodwill Store opened this year.

In November 2013, the District voters approved a 7.9 mill emergency levy that is expected to bring in \$2.0 million for the next five years.

Long-Term Financial Planning – The District prepares a five-year forecast for use as a tool for long range planning. The five-year forecast projects local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot.

MAJOR INITIATIVES

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

During fiscal year 2013, the District focused on the maintaining growth in student enrollment. To accomplish this, the District decided to allow open enrollment in its schools for fiscal year 2014. This resulted in additional State Foundation money for approximately 90 additional students.

Future: During the 2013-2014 school year the primary concentration is on curriculum revision. Ohio's New Learning Standards are a set of curriculum standards that will drive teaching and learning, and will prepare students the PARCC assessments, which are the new state standardized tests that will begin in the 2014-2015 school year. Teachers and administrators are focused on student achievement and student growth which contribute to the district composite rating on the state report card.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2013

In addition to the curriculum revision process, teachers and administrators are preparing for the implementation of the Ohio Teacher Evaluation System (OTES) and the Ohio Principal Evaluation system (OPES). Both systems are focused on ensuring that districts maintain the highest levels of teacher effectiveness. This is the most significant teacher evaluation reform the district has experienced, and follows an almost identical timeline as the curriculum revision. The first year of full implementation of OTES and OPES is the 2013-2014 school year. Student growth measures, which indicate the amount of improvement students demonstrate on a variety of assessments will be included in a teacher's evaluation. The district is currently adhering to a stringent professional development schedule to meet both of these initiatives.

District officials are also continuing work on the following initiatives:

- Continue implementation of the district technology plan.
- Offer various classes of summer remediation at no cost to students.
- Strive to reach the goal of 75% achievement on state tests.
- Strive to reach above expected growth in grades 4-8 on value-added measures.
- Increase post-secondary opportunities for students.
- Continue to expand technical preparatory opportunities.
- Emphasize Reading Mastery and Corrective Reading as early literacy intervention in grades K-3.
- Utilize STAR Early Literacy and STAR Assessments for progress monitoring of intervention students.
- Utilize all available data to drive curricular decision in the regular curriculum, intervention areas and special education.
- Implement Formative Instructional Practices (FIP) to ensure learning for all students.
- Utilize the MAP Assessment as a universal screener to ensure student success for all.

HEATH CITY SCHOOL DISTRICT

*Letter of Transmittal
For the Fiscal Year Ended June 30, 2013*

FINANCIAL INFORMATION

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

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

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

1. 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.
2. An annual appropriations measure is passed upon receipt of the County Auditor's final tax revenue estimates, October or November of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. The Board adopts temporary appropriations at its June Board meeting to cover expenditures until the adoption of the permanent appropriations. The appropriations measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments are given building budgeting funds for instructional supplies, custodial supplies, meeting and mileage expenses and equipment. Buildings and/or departments may move funds within their budgets with approval of the Superintendent and Treasurer. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the fund level.

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal
For the Fiscal Year Ended June 30, 2013

OTHER INFORMATION

INDEPENDENT AUDIT -- This report includes an unqualified audit report regarding the District's financial statements. The audit was conducted by Kennedy Cottrell Richards, LLC. The Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

AWARDS -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2012. We believe this, our thirteenth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

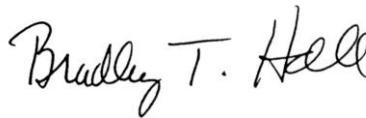
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution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

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

Respectfully submitted,



Trevor Thomas
Superintendent



Bradley T. Hall
Treasurer

HEATH CITY SCHOOL DISTRICT

*Members of the Board of Education and Administration
For the Fiscal Year Ended June, 30, 2013*

Members of the Board of Education

| <u>Name</u> | <u>Title</u> | <u>Years of Service</u> |
|---------------------|----------------|-------------------------|
| Mr. James Roberts | President | 16 |
| Mr. James Bowers | Vice president | 16 |
| Mr. Brad Beck | Member | 1 |
| Ms. Debbie Kelley | Member | 5 |
| Ms. Barbara Meckley | Member | 5 |

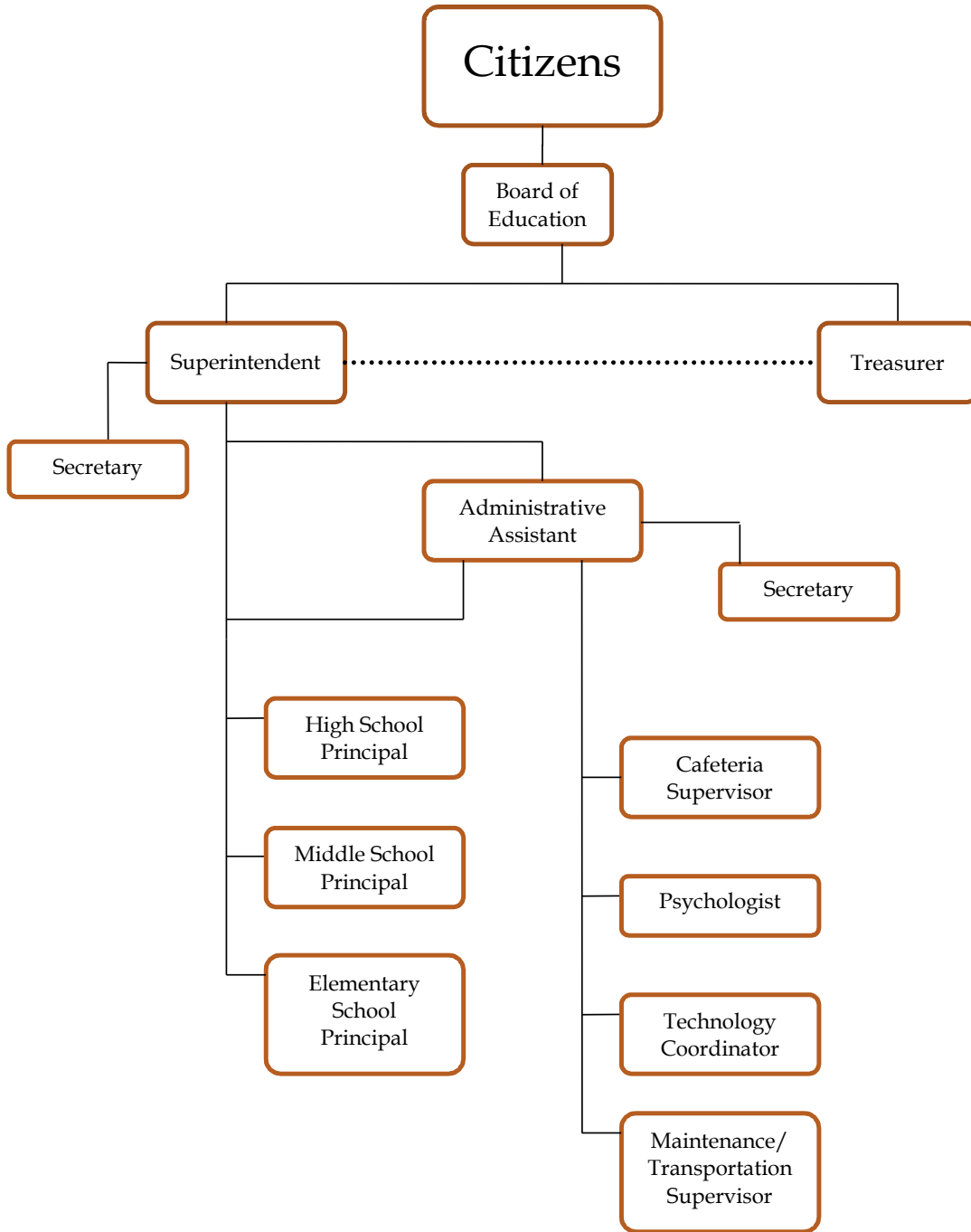
Administration

| <u>Name</u> | <u>Title</u> | <u>Years of Service</u> | |
|---------------------|--------------------------|-------------------------|--------------|
| | | <u>Position</u> | <u>Total</u> |
| Mr. Thomas Forman | Superintendent * | 7 | 36 |
| Mr. Bradley T. Hall | Treasurer | 17.5 | 33 |
| Mr. Trevor Thomas | Assistant Superintendent | 1 | 11 |

*Effective July 1, 2013, Mr. Trevor Thomas was appointed as Superintendent of the District.

HEATH CITY SCHOOL DISTRICT

Organizational Chart
For the Fiscal Year Ended June 30, 2013



HEATH CITY SCHOOL DISTRICT

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



Government Finance Officers Association

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

Presented to

**Heath City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Heath City School District
Licking County
107 Lancaster Drive
Heath, Ohio 43056

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio (The District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Heath City School District, Licking County, Ohio, as of June 30, 2013, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.



KENNEDY COTTRELL RICHARDS LLC
December 3, 2013

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013*

Unaudited

The discussion and analysis of Heath City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2013 are as follows:

- ❑ In total, net position decreased \$1,946,713, which represents a 64.8% decrease from 2012.
- ❑ General revenues accounted for \$14,593,726 in revenue or 91.2% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$1,416,613 or 8.8% of total revenues of \$16,010,339.
- ❑ The District had \$17,957,052 in expenses related to governmental activities; only \$1,416,613 these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$13,235,913 in revenues and \$14,690,169 in expenditures. The general fund's fund balance decreased from \$1,568,925 to \$189,119.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013*

Unaudited

The two government-wide statements report the District's net position and how it has changed. Net-position (the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the District's financial health or position.

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

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

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

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

Fund Financial Statements

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

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

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

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position provides a perspective of the District as a whole. The following table provides a summary of the District's net position for 2013 compared to 2012:

| | Governmental Activities | | Increase (Decrease) |
|----------------------------------|----------------------------|--------------------|------------------------|
| | 2013 | 2012 | |
| Current and other assets | \$12,599,896 | \$14,322,930 | (\$1,723,034) |
| Capital assets, Net | 14,145,211 | 14,909,461 | (764,250) |
| Total assets | <u>26,745,107</u> | <u>29,232,391</u> | <u>(2,487,284)</u> |
| Deferred outflows of resources | <u>117,870</u> | <u>235,746</u> | <u>(117,876)</u> |
| Long-term debt outstanding | 15,771,543 | 16,477,923 | (706,380) |
| Other liabilities | <u>1,563,687</u> | <u>1,691,894</u> | <u>(128,207)</u> |
| Total liabilities | <u>17,335,230</u> | <u>18,169,817</u> | <u>(834,587)</u> |
| Deferred inflows of resources | <u>8,471,866</u> | <u>8,295,726</u> | <u>176,140</u> |
| Net position: | | | |
| Net Investment in capital assets | 1,569,237 | 2,239,306 | (670,069) |
| Restricted | 1,830,005 | 2,043,284 | (213,279) |
| Unrestricted | <u>(2,343,361)</u> | <u>(1,279,996)</u> | <u>(1,063,365)</u> |
| Total net position | <u>\$1,055,881</u> | <u>\$3,002,594</u> | <u>(\$1,946,713)</u> |

At year-end for governmental activities, capital assets represented 53% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2013 was \$1,569,237. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net position, \$1,830,005, represents resources that are subject to external restriction on how they may be used.

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal years 2013 and 2012:

| | Governmental Activities | | Increase (Decrease) |
|--|----------------------------|--------------------|------------------------|
| | 2013 | 2012 | |
| Revenues | | | |
| Program Revenues: | | | |
| Charges for Services and Sales | \$520,785 | \$512,186 | \$8,599 |
| Operating Grants and Contributions | 895,828 | 838,086 | 57,742 |
| Total Program Revenues | <u>1,416,613</u> | <u>1,350,272</u> | <u>66,341</u> |
| General Revenues: | | | |
| Property Taxes | 7,896,729 | 8,316,211 | (419,482) |
| Grants and Entitlements | 6,145,307 | 6,098,286 | 47,021 |
| Other | 551,690 | 530,206 | 21,484 |
| Total General Revenues | <u>14,593,726</u> | <u>14,944,703</u> | <u>(350,977)</u> |
| Total Revenues | <u>16,010,339</u> | <u>16,294,975</u> | <u>(284,636)</u> |
| Program Expenses | | | |
| Instruction | 10,304,880 | 9,989,037 | 315,843 |
| Support Services: | | | |
| Pupils | 632,193 | 805,150 | (172,957) |
| Instructional Staff | 318,009 | 344,754 | (26,745) |
| Board of Education | 79,588 | 20,516 | 59,072 |
| Administration | 1,468,112 | 1,618,593 | (150,481) |
| Fiscal Services | 506,287 | 492,224 | 14,063 |
| Business | 29,284 | 17,713 | 11,571 |
| Operation and Maintenance of Plant | 1,351,000 | 1,306,882 | 44,118 |
| Pupil Transportation | 654,334 | 638,839 | 15,495 |
| Central | 275,932 | 280,810 | (4,878) |
| Operation of Non-Instructional Services: | | | |
| Community Services | 1,776 | 6,117 | (4,341) |
| Food Service Operations | 616,807 | 616,504 | 303 |
| Other | 0 | 1,900 | (1,900) |
| Extracurricular Activities | 601,322 | 574,354 | 26,968 |
| Interest and Fiscal Charges | <u>1,117,528</u> | <u>1,024,811</u> | <u>92,717</u> |
| Total Expenses | <u>17,957,052</u> | <u>17,738,204</u> | <u>218,848</u> |
| Change in Net Position | <u>(1,946,713)</u> | <u>(1,443,229)</u> | <u>(503,484)</u> |
| Beginning Net Position | <u>3,002,594</u> | <u>4,445,823</u> | <u>(1,443,229)</u> |
| Ending Net Position | <u>\$1,055,881</u> | <u>\$3,002,594</u> | <u>(\$1,946,713)</u> |

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Unaudited

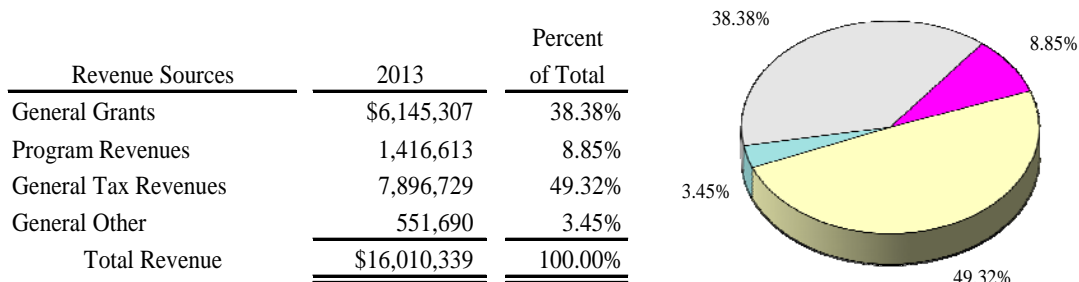
Governmental Activities

Net position of the District's governmental activities decreased by \$1,946,713. Total governmental expenses of \$17,957,052 were offset by program revenues of \$1,416,613 and general revenues of \$14,593,726. Program revenues supported 7.9% of the total governmental expenses. The primary reason for the decrease in net position is that the District's expenses exceed the revenues.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources of general revenue total \$14,042,036 and represent 96.2% of total general revenue.

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

Property taxes made up 49% of revenues for governmental activities for Heath City Schools in fiscal year 2013. The District's reliance upon tax revenues is demonstrated by the following graph:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$1,974,925, which is under last year's total of \$3,469,188. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2013 and 2012.

| | Fund Balance June 30, 2013 | Fund Balance June 30, 2012 | Increase (Decrease) |
|--------------------|-------------------------------|-------------------------------|------------------------|
| General | \$189,119 | \$1,568,925 | (\$1,379,806) |
| Bond Retirement | 1,042,575 | 1,103,745 | (61,170) |
| Other Governmental | 743,231 | 796,518 | (53,287) |
| Total | \$1,974,925 | \$3,469,188 | (\$1,494,263) |

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Unaudited

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

| | 2013 Revenues | 2012 Revenues | Increase (Decrease) |
|---------------------------|------------------|------------------|------------------------|
| Taxes | \$6,779,719 | \$7,047,171 | (\$267,452) |
| Tuition | 78,449 | 66,003 | 12,446 |
| Investment Earnings | 3,571 | 4,747 | (1,176) |
| Class Materials and Fees | 76,887 | 64,454 | 12,433 |
| Intergovernmental - State | 5,772,596 | 5,821,399 | (48,803) |
| All Other Revenue | 524,691 | 526,188 | (1,497) |
| Total | \$13,235,913 | \$13,529,962 | (\$294,049) |

General Fund revenues in 2013 decreased approximately 2.2% compared to revenues in fiscal year 2012. The decrease in tax revenue is the result of an aggressive collection by the County of delinquent taxes in 2012.

| | 2013 Expenditures | 2012 Expenditures | Increase (Decrease) |
|--|----------------------|----------------------|------------------------|
| Instruction | \$9,224,212 | \$8,974,864 | \$249,348 |
| Supporting Services: | | | |
| Pupils | 609,970 | 809,099 | (199,129) |
| Instructional Staff | 236,210 | 304,418 | (68,208) |
| Board of Education | 79,588 | 20,516 | 59,072 |
| Administration | 1,372,454 | 1,505,632 | (133,178) |
| Fiscal Services | 479,499 | 467,611 | 11,888 |
| Business | 29,284 | 17,713 | 11,571 |
| Operation and Maintenance of Plant | 1,208,877 | 1,222,560 | (13,683) |
| Pupil Transportation | 613,996 | 585,119 | 28,877 |
| Central | 267,041 | 270,097 | (3,056) |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations | 11,831 | 24,407 | (12,576) |
| Extracurricular Activities | 325,728 | 324,075 | 1,653 |
| Capital Outlay | 146,486 | 49,770 | 96,716 |
| Debt Service: | | | |
| Principal Retirement | 78,849 | 51,702 | 27,147 |
| Interest and Fiscal Charges | 6,144 | 5,838 | 306 |
| Total | \$14,690,169 | \$14,633,421 | \$56,748 |

The expenditures increased by \$56,748 or 0.4% compared to the prior year. The increase in Instruction is due to an increase in payments to the County for special education students and services. The decrease in Pupils is due to the retirement of a guidance counselor in 2012 whose position had not been filled and the purchase of technology equipment in 2012 that was not repeated in 2013. The decrease in Administration is due to the retirement and resignation of four administrators in 2012. The positions were filled in 2013 at a lower cost to the District.

Bond Retirement Fund – This fund has remained consistent compared to the prior year with a decrease of \$61,170.

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013*

Unaudited

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of fiscal year 2013 the District amended its General Fund budget, the increase of \$0.6 million compared to the original budget was the result of needing to budget additional monies for payments to community schools, the county education service center and severance benefits.

Actual expenditures compared to the final budget resulted in an overall positive variance due to retired teachers that were replaced at a lower cost and less than anticipated costs for technology equipment and services.

The General Fund budget basis revenue of \$13.7 million did not significantly change compared to the original budget estimates. Actual revenues were lower than estimated because Taxes were overestimated in anticipation of additional delinquent taxes being collected in 2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2013, the District had \$14,145,211 net of accumulated depreciation invested in land, buildings, equipment, and vehicles. The following table shows fiscal year 2013 and 2012 balances:

| | Governmental Activities | | Increase (Decrease) |
|--------------------------------|----------------------------|--------------|------------------------|
| | 2013 | 2012 | |
| Land | \$438,952 | \$438,952 | \$0 |
| Land Improvements | 2,151,716 | 2,151,716 | 0 |
| Buildings and Improvements | 21,792,147 | 21,792,147 | 0 |
| Machinery and Equipment | 1,409,519 | 1,546,936 | (137,417) |
| Vehicles | 949,070 | 936,323 | 12,747 |
| Less: Accumulated Depreciation | (12,596,193) | (11,956,613) | (639,580) |
| Totals | \$14,145,211 | \$14,909,461 | (\$764,250) |

The district did not acquire any significant capital assets in 2013. Additional information on the District's capital assets can be found in Note 9.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013

Unaudited

Debt

At June 30, 2013, the District had \$15.8 million in general obligation bonds, capital leases and compensated absences outstanding, \$1,201,949 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2013 and 2012:

| | 2013 | 2012 |
|----------------------------------|---------------------|---------------------|
| Governmental Activities: | | |
| General Obligation Bonds Payable | \$14,522,171 | \$15,061,386 |
| Capital Leases Payable | 64,732 | 69,131 |
| Compensated Absences | 1,184,640 | 1,347,406 |
| Totals | <u>\$15,771,543</u> | <u>\$16,477,923</u> |

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2013, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

ECONOMIC FACTORS

In November 2013, the District voters approved a 7.9 mill emergency levy that is expected to bring in \$2.0 million for the next five years.

For fiscal year 2014, the District allowed open enrollment in its schools which resulted in additional Foundation money for approximately 90 additional students.

REQUESTS FOR INFORMATION

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



HEATH CITY SCHOOL DISTRICT

Statement of Net Position **June 30, 2013**

| | Governmental Activities |
|--|------------------------------------|
| Assets: | |
| Cash and Cash Equivalents | \$ 1,996,161 |
| Investments | 1,302,250 |
| Receivables: | |
| Taxes | 9,012,233 |
| Intergovernmental | 210,069 |
| Interest | 1,425 |
| Inventory | 18,715 |
| Prepaid Items | 59,043 |
| Capital Assets: | |
| Nondepreciable Capital Assets | 438,952 |
| Depreciable Capital Assets, Net | 13,706,259 |
| Total Capital Assets, Net | <u>14,145,211</u> |
| Total Assets | <u>26,745,107</u> |
| Deferred Outflows of Resources: | |
| Deferred Charge on Refunding | <u>117,870</u> |
| Liabilities: | |
| Accounts Payable | 58,783 |
| Accrued Wages and Benefits | 1,140,049 |
| Intergovernmental Payable | 303,108 |
| Early Retirement Incentive Payable | 22,201 |
| Accrued Interest Payable | 39,546 |
| Long Term Liabilities: | |
| Due Within One Year | 1,201,949 |
| Due in More Than One Year | 14,569,594 |
| Total Liabilities | <u>17,335,230</u> |
| Deferred Inflows of Resources: | |
| Property Taxes | <u>8,471,866</u> |
| Net Position: | |
| Net Investment in Capital Assets | 1,569,237 |
| Restricted For: | |
| Capital Projects | 692,224 |
| Debt Service | 1,042,315 |
| Statutory Purposes | 61,909 |
| Federal and State Grant Programs | 33,557 |
| Unrestricted (Deficit) | <u>(2,343,361)</u> |
| Total Net Position | <u>\$ 1,055,881</u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2013

| | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|---|----------------------|-----------------------------------|---------------------------------------|---|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | |
| Instruction | \$ 10,304,880 | \$ 156,220 | \$ 414,736 | \$ (9,733,924) |
| Support Services: | | | | |
| Pupils | 632,193 | 41,000 | 0 | (591,193) |
| Instructional Staff | 318,009 | 0 | 64,167 | (253,842) |
| Board of Education | 79,588 | 0 | 0 | (79,588) |
| Administration | 1,468,112 | 0 | 140,445 | (1,327,667) |
| Fiscal Services | 506,287 | 0 | 198 | (506,089) |
| Business | 29,284 | 0 | 0 | (29,284) |
| Operation and Maintenance of Plant | 1,351,000 | 0 | 0 | (1,351,000) |
| Pupil Transportation | 654,334 | 0 | 0 | (654,334) |
| Central | 275,932 | 0 | 7,200 | (268,732) |
| Operation of Non-Instructional Services: | | | | |
| Community Services | 1,776 | 0 | 4,770 | 2,994 |
| Food Service Operations | 616,807 | 220,566 | 264,312 | (131,929) |
| Extracurricular Activities | 601,322 | 102,999 | 0 | (498,323) |
| Interest and Fiscal Charges | 1,117,528 | 0 | 0 | (1,117,528) |
| Total Governmental Activities | \$ 17,957,052 | \$ 520,785 | \$ 895,828 | (16,540,439) |
| General Revenues | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | | | | 6,623,175 |
| Debt Service | | | | 1,095,634 |
| Capital Outlay | | | | 177,920 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 6,145,307 |
| Investment Earnings | | | | 7,825 |
| Miscellaneous | | | | 543,865 |
| Total General Revenues | | | | 14,593,726 |
| Change in Net Position | | | | (1,946,713) |
| Net Position Beginning of Year | | | | 3,002,594 |
| Net Position End of Year | | | | \$ 1,055,881 |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2013

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 184,274 | \$ 1,004,835 | \$ 807,052 | \$ 1,996,161 |
| Investments | 1,302,250 | 0 | 0 | 1,302,250 |
| Receivables: | | | | |
| Taxes | 7,515,303 | 1,300,097 | 196,833 | 9,012,233 |
| Intergovernmental | 157,513 | 0 | 52,556 | 210,069 |
| Interest | 1,425 | 0 | 0 | 1,425 |
| Inventory | 0 | 0 | 18,715 | 18,715 |
| Prepaid Items | 58,886 | 0 | 157 | 59,043 |
| Total Assets | \$ 9,219,651 | \$ 2,304,932 | \$ 1,075,313 | \$ 12,599,896 |
| Liabilities: | | | | |
| Accounts Payable | \$ 42,726 | \$ 0 | \$ 16,057 | \$ 58,783 |
| Accrued Wages and Benefits | 1,046,699 | 0 | 93,350 | 1,140,049 |
| Intergovernmental Payable | 284,623 | 0 | 18,485 | 303,108 |
| Early Retirement Incentive Payable | 17,368 | 0 | 4,833 | 22,201 |
| Compensated Absences Payable | 229,850 | 0 | 2,256 | 232,106 |
| Total Liabilities | 1,621,266 | 0 | 134,981 | 1,756,247 |
| Deferred Inflows of Resources: | | | | |
| Property Taxes | 7,064,183 | 1,223,071 | 184,612 | 8,471,866 |
| Unavailable Revenue | 345,083 | 39,286 | 12,489 | 396,858 |
| Total Deferred Inflows of Resources | 7,409,266 | 1,262,357 | 197,101 | 8,868,724 |
| Fund Balances: | | | | |
| Nonspendable | 58,886 | 0 | 18,872 | 77,758 |
| Restricted | 5,881 | 1,042,575 | 769,320 | 1,817,776 |
| Assigned | 124,352 | 0 | 0 | 124,352 |
| Unassigned | 0 | 0 | (44,961) | (44,961) |
| Total Fund Balances | 189,119 | 1,042,575 | 743,231 | 1,974,925 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 9,219,651 | \$ 2,304,932 | \$ 1,075,313 | \$ 12,599,896 |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2013

| | |
|--|----------------------------|
| Total Governmental Fund Balances | \$ 1,974,925 |
| <i>Amounts reported for governmental activities in the statement of net position are different because</i> | |
| Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. | 14,145,211 |
| Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds. | 396,858 |
| 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. | |
| General Obligation Bonds Payable | (11,885,639) |
| Deferred Charge on Refunding (to be amortized over life of debt) | 117,870 |
| Issuance Premium (to be amortized over life of debt) | (743,473) |
| Interest Accretion (to be amortized as interest expense) | (1,893,059) |
| Capital Leases Payable | (64,732) |
| Compensated Absences Payable | (952,534) |
| Accrued Interest Payable | (39,546) |
| | <u>(15,461,113)</u> |
| <i>Net Position of Governmental Activities</i> | <u>\$ 1,055,881</u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2013

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|---|-------------------|---------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Local Sources: | | | | |
| Taxes | \$ 6,779,719 | \$ 1,121,166 | \$ 181,270 | \$ 8,082,155 |
| Tuition | 78,449 | 0 | 0 | 78,449 |
| Food Services | 0 | 0 | 220,566 | 220,566 |
| Investment Earnings | 3,571 | 0 | 4,236 | 7,807 |
| Extracurricular Activities | 0 | 0 | 102,999 | 102,999 |
| Class Materials and Fees | 76,887 | 0 | 0 | 76,887 |
| Intergovernmental - State | 5,772,596 | 221,500 | 54,875 | 6,048,971 |
| Intergovernmental - Federal | 0 | 0 | 920,119 | 920,119 |
| All Other Revenue | 524,691 | 0 | 61,058 | 585,749 |
| Total Revenues | 13,235,913 | 1,342,666 | 1,545,123 | 16,123,702 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 9,224,212 | 0 | 662,877 | 9,887,089 |
| Supporting Services: | | | | |
| Pupils | 609,970 | 0 | 0 | 609,970 |
| Instructional Staff | 236,210 | 0 | 64,883 | 301,093 |
| Board of Education | 79,588 | 0 | 0 | 79,588 |
| Administration | 1,372,454 | 0 | 133,871 | 1,506,325 |
| Fiscal Services | 479,499 | 19,700 | 3,352 | 502,551 |
| Business | 29,284 | 0 | 0 | 29,284 |
| Operation and Maintenance of Plant | 1,208,877 | 0 | 0 | 1,208,877 |
| Pupil Transportation | 613,996 | 0 | 0 | 613,996 |
| Central | 267,041 | 0 | 7,200 | 274,241 |
| Operation of Non-Instructional Services: | | | | |
| Community Services | 0 | 0 | 1,776 | 1,776 |
| Food Service Operations | 11,831 | 0 | 571,932 | 583,763 |
| Extracurricular Activities | 325,728 | 0 | 126,540 | 452,268 |
| Capital Outlay | 146,486 | 0 | 28,312 | 174,798 |
| Debt Service: | | | | |
| Principal Retirement | 78,849 | 905,000 | 0 | 983,849 |
| Interest and Fiscal Charges | 6,144 | 479,136 | 0 | 485,280 |
| Total Expenditures | 14,690,169 | 1,403,836 | 1,600,743 | 17,694,748 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (1,454,256) | (61,170) | (55,620) | (1,571,046) |
| Other Financing Sources (Uses): | | | | |
| Other Financing Sources - Capital Lease | 74,450 | 0 | 0 | 74,450 |
| Total Other Financing Sources (Uses) | 74,450 | 0 | 0 | 74,450 |
| Net Change in Fund Balances | (1,379,806) | (61,170) | (55,620) | (1,496,596) |
| Fund Balances at Beginning of Year | 1,568,925 | 1,103,745 | 796,518 | 3,469,188 |
| Increase in Inventory Reserve | 0 | 0 | 2,333 | 2,333 |
| Fund Balances End of Year | \$ 189,119 | \$ 1,042,575 | \$ 743,231 | \$ 1,974,925 |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances Of Governmental Funds
To the Statement Of Activities
For the Fiscal Year Ended June 30, 2013***

Net Change in Fund Balances - Total Governmental Funds \$ (1,496,596)

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. (714,637)

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net assets. (49,613)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (113,363)

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 909,399

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 764

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

| | | |
|---|-----------|-----------|
| Compensated Absences | 148,012 | |
| Interest Accretion | (434,728) | |
| Amortization of Deferred Loss on Refunding | (117,876) | |
| Amortization of Deferred Charge for Bond Issuance Costs | (149,351) | |
| Amortization of Premium on Bond Issuance | 68,943 | |
| Change in Inventory | 2,333 | (482,667) |
| | | |

Change in Net Position of Governmental Activities \$ (1,946,713)

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2013**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|--------------|---|
| Revenues: | | | | |
| Local Sources: | | | | |
| Taxes | \$ 7,564,000 | \$ 7,564,000 | \$ 6,926,619 | \$ (637,381) |
| Tuition | 63,000 | 63,000 | 78,449 | 15,449 |
| Investment Earnings | 5,000 | 5,000 | 3,272 | (1,728) |
| Class Material and Fees | 0 | 3,700 | 3,677 | (23) |
| Intergovernmental - State | 5,709,500 | 5,727,410 | 5,772,596 | 45,186 |
| All Other Revenues | 358,840 | 358,840 | 347,719 | (11,121) |
| Total Revenues | 13,700,340 | 13,721,950 | 13,132,332 | (589,618) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 8,887,030 | 9,353,908 | 9,179,627 | 174,281 |
| Support Services: | | | | |
| Pupils | 577,340 | 569,850 | 547,959 | 21,891 |
| Instructional Staff | 239,430 | 245,730 | 230,745 | 14,985 |
| Board of Education | 31,715 | 97,360 | 87,078 | 10,282 |
| Administration | 1,428,298 | 1,448,904 | 1,404,272 | 44,632 |
| Fiscal Services | 536,250 | 511,170 | 489,098 | 22,072 |
| Business | 43,938 | 38,998 | 29,433 | 9,565 |
| Operation and Maintenance of Plant | 1,469,692 | 1,450,146 | 1,356,432 | 93,714 |
| Pupil Transportation | 662,425 | 669,509 | 630,214 | 39,295 |
| Central | 320,300 | 411,889 | 247,426 | 164,463 |
| Food Services | 9,850 | 17,425 | 11,831 | 5,594 |
| Extracurricular Activities | 313,130 | 336,806 | 324,680 | 12,126 |
| Capital Outlay | 85,296 | 93,296 | 91,673 | 1,623 |
| Total Expenditures | 14,604,694 | 15,244,991 | 14,630,468 | 614,523 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (904,354) | (1,523,041) | (1,498,136) | 24,905 |
| Fund Balance at Beginning of Year | 2,586,720 | 2,586,720 | 2,586,720 | 0 |
| Prior Year Encumbrances | 93,457 | 93,457 | 93,457 | 0 |
| Fund Balance at End of Year | \$ 1,775,823 | \$ 1,157,136 | \$ 1,182,041 | \$ 24,905 |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

*Statement of Net Position
Fiduciary Funds
June 30, 2013*

| | <u>Private Purpose Trust</u> | |
|---------------------------|----------------------------------|---------------|
| | <u>Special Trust Fund</u> | <u>Agency</u> |
| Assets: | | |
| Cash and Cash Equivalents | \$ 1,803 | \$ 45,688 |
| Total Assets | <u>1,803</u> | <u>45,688</u> |
| Liabilities: | | |
| Due to Students | 0 | 45,688 |
| Total Liabilities | <u>0</u> | <u>45,688</u> |
| Net Position: | | |
| Unrestricted | 1,803 | 0 |
| Total Net Position | <u>\$ 1,803</u> | <u>\$ 0</u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

**Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013**

| | Private Purpose Trust |
|--|--------------------------|
| | Special Trust Fund |
| Additions: | |
| Interest | \$ 13 |
| Total Additions | <u>13</u> |
| Deductions: | |
| Community Gifts, Awards and Scholarships | 100 |
| Total Deductions | <u>100</u> |
| Change in Net Position | (87) |
| Net Position at Beginning of Year | 1,890 |
| Net Position End of Year | <u><u>\$ 1,803</u></u> |

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 51 noncertified and approximately 111 certified teaching personnel and administrative employees providing education to 1,614 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"*, in that the statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the District's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The District participates in two jointly governed organizations. These organizations are the Licking Area Computer Association (LACA), which provides computer services to school districts and the Educational Regional Service System (ERSS) Region 11. The Licking County Career and Technical Education Center acts as fiscal agent for LACA and the Franklin Educational Service Center is the fiscal agent for ERSS. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

B. Basis of Presentation - Fund Accounting

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the District:

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

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

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

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

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

C. Basis of Presentation and Measurement Focus – Financial Statements

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

D. Basis of Accounting

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Under the modified accrual basis, revenue considered susceptible to accrual at year end includes property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Any grants and entitlements which may be received before the eligibility requirements are met would also be recorded as unearned revenue.

Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end.

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2013.

2. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year.

During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The treasurer may allocate appropriations among departments within a fund. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

| | <u>Net Change in Fund Balance</u> |
|--------------------------------|-----------------------------------|
| | <u>General Fund</u> |
| GAAP Basis (as reported) | (\$1,379,806) |
| Increase (Decrease): | |
| Accrued Revenues | |
| at June 30, 2013, | |
| received during FY 2014 | (264,975) |
| Accrued Revenues | |
| at June 30, 2012, | |
| received during FY 2013 | 368,099 |
| Accrued Expenditures | |
| at June 30, 2013, | |
| paid during FY 2014 | 1,621,266 |
| Accrued Expenditures | |
| at June 30, 2012, | |
| paid during FY 2013 | (1,779,863) |
| FY 2012 Prepays for FY 2013 | 171,764 |
| FY 2013 Prepays for FY 2014 | (58,886) |
| Perspective Difference- | |
| Budgeted Special Revenue Funds | |
| reclassified as General Fund | (11,630) |
| Encumbrances Outstanding | (164,105) |
| Budget Basis | <u><u>(\$1,498,136)</u></u> |

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2013, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 6, "Cash, Cash Equivalents and Investments."

G. Investments

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

The District has invested funds in the STAR Ohio during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2013. See Note 6, "Cash, Cash Equivalents and Investments".

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Depreciation

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

| <u>Description</u> | <u>Estimated Lives (in years)</u> |
|--|-----------------------------------|
| Land Improvements | 20 |
| Buildings and Improvements | 20-50 |
| Machinery, Equipment, Furniture and Fixtures | 5-30 |
| Vehicles | 8 |

K. Long-Term Obligations

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

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

M. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The District did not have net position restricted by enabling legislation at June 30, 2013.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which policies includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

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

P. Interfund Activity

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. Other than transfers, the District has no interfund activity. The effect of the transfers has been eliminated from the government-wide financial statements.

Q. Estimates

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2013. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2013, the District had no special items.

S. Bond Premiums, Bond Discounts, Gains/Losses on Refunding and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are expensed. Bond premiums are deferred and accreted over the term of the bonds. Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums, and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, investment earnings, grants, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2013 the District implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position. Previously reported deferred bond issuance costs of \$149,351 were expensed in the Statement of Activities.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equities

The fund deficit at June 30, 2013 of \$26,089 in the Food Service Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the budgetary basis of accounting.

B. Excess Appropriations over Estimated Revenues

Excess Appropriations over Estimated Revenues - Ohio Revised Code Section 5705.39 requires that appropriations do not exceed estimated revenues. Appropriations exceeded estimated revenues in the following funds at June 30, 2013:

| <u>Fund</u> | <u>Excess</u> |
|---|---------------|
| Nonmajor Special Revenue Funds: | |
| SchoolNet Professional Development Fund | \$ 7,200 |
| Title VI-B Fund | 242,096 |
| Title I Fund | 273,263 |
| Improving Teacher Quality Fund | 26,787 |

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013***

NOTE 4 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| <u>Fund Balances</u> | <u>General Fund</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------------------|-------------------------|---------------------|---|---|
| Nonspendable: | | | | |
| Prepaid Items | \$58,886 | \$0 | \$157 | \$59,043 |
| Supplies Inventory | 0 | 0 | 18,715 | 18,715 |
| Total Nonspendable | <u>58,886</u> | <u>0</u> | <u>18,872</u> | <u>77,758</u> |
| Restricted: | | | | |
| Bus Purchase | 5,881 | 0 | 0 | 5,881 |
| Community Activities | 0 | 0 | 1,489 | 1,489 |
| Extracurricular Activities | 0 | 0 | 56,028 | 56,028 |
| Nonpublic Schools | 0 | 0 | 3,126 | 3,126 |
| Technology Improvements | 0 | 0 | 7,000 | 7,000 |
| Special Education | 0 | 0 | 13,794 | 13,794 |
| Vocational Education | 0 | 0 | 396 | 396 |
| Targeted Academic Assistance | 0 | 0 | 33 | 33 |
| Improving Teacher Quality | 0 | 0 | 1,521 | 1,521 |
| Debt Service Payments | 0 | 1,042,575 | 0 | 1,042,575 |
| Capital Improvements | 0 | 0 | 685,933 | 685,933 |
| Total Restricted | <u>5,881</u> | <u>1,042,575</u> | <u>769,320</u> | <u>1,817,776</u> |
| Assigned to Other Purposes | 124,352 | 0 | 0 | 124,352 |
| Unassigned | 0 | 0 | (44,961) | (44,961) |
| Total Fund Balances | <u>\$189,119</u> | <u>\$1,042,575</u> | <u>\$743,231</u> | <u>\$1,974,925</u> |

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 5 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

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

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

| | |
|----------------------|--------------------|
| Capital Outlay | \$123,390 |
| Depreciation Expense | (838,027) |
| | <u>(\$714,637)</u> |

Governmental revenues not reported in the funds:

| | |
|---|--------------------|
| Increase in Delinquent Tax Revenue | (\$185,426) |
| Decrease in Intergovernmental Grants Receivable | 72,045 |
| Decrease in Interest Earnings | 18 |
| | <u>(\$113,363)</u> |

Amount of bond and lease principal payments:

| | |
|----------------------------|------------------|
| Bond Principal Payment | \$905,000 |
| Capital Lease Payment | 78,849 |
| Inception of Capital Lease | (74,450) |
| | <u>\$909,399</u> |

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio);
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
- Under limited circumstances, corporate debt interest rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The District has no policy on custodial credit risk and is governed by Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was (\$8,613) and the bank balance was \$150,520. Federal deposit insurance covered all of the bank balance.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2013 were as follows:

| | Fair Value | Credit Rating | Investment Maturities (in Years) | | |
|-----------------------|--------------------|---------------------------------------|----------------------------------|------------------|------------------|
| | | | less than 1 | 1-3 years | 3-5 years |
| Repurchase Agreements | \$966,645 | * | \$966,645 | \$0 | \$0 |
| STAR Ohio | 1,088,920 | AAA ^m ² | 1,088,920 | 0 | 0 |
| FNMA Note | 674,156 | a Aaa ¹ , AA+ ² | 0 | 204,787 | 469,369 |
| FHLB Notes | 314,877 | b Aaa ¹ , AA+ ² | 60,000 | 254,877 | 0 |
| FHLMC Notes | 145,000 | Aaa ¹ , AA+ ² | 0 | 145,000 | 0 |
| FHLB Discount Note | 164,917 | P-1 ¹ , A-1+ ² | 164,917 | 0 | 0 |
| Total Investments | <u>\$3,354,515</u> | | <u>\$2,280,482</u> | <u>\$604,664</u> | <u>\$469,369</u> |

*United States Treasury and United States Agency securities underlie the repurchase agreements. United States Agency securities are rated AA+ by Standard and Poor's.

¹ Moody's Investor Service

² Standard & Poor's

^a \$130,000 FNMA Note is callable on October 29, 2013, \$64,935 FNMA Note is callable on October 30, 2013, \$ 140,000 is callable November 21, 2013, and \$100,000 is callable February 27, 2015.

^b \$145,000 FHLMC Note is callable on November 27, 2013,

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The District has no policy that limits investment purchases beyond the requirements of the Ohio Revised Code.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 20.1% are FNMA, 9.4% are FHLB, 4.3% are FHLMC, and 4.9% are FHLB Discount Notes.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

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

| | Cash and Cash Equivalents | Investments |
|--|------------------------------|-------------|
| Per Financial Statements | \$2,043,652 | \$1,302,250 |
| Certificates of Deposit (with maturities of more than 3 months) | 3,300 | (3,300) |
| Repurchase Agreements | (966,645) | 966,645 |
| STAR Ohio | (1,088,920) | 1,088,920 |
| Per GASB Statement No. 3 | (\$8,613) | \$3,354,515 |

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

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Position as of June 30, 2013:

| | |
|--|-------------|
| Investments (summarized above) | \$3,354,515 |
| Carrying amount of District's deposits | (8,613) |
| Fiduciary Funds - Cash and Investments | (47,491) |
| Total Governmental Activities - Cash and Investments | \$3,298,411 |

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 7 - PROPERTY TAXES (Continued)

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2013 receipts were based are:

| | <u>Assessed Values for Collection in:</u> | |
|--|---|------------------------|
| | <u>2012 Second Half</u> | <u>2013 First Half</u> |
| Agricultural/Residential and Other Real Estate | \$246,409,720 | \$248,432,630 |
| Public Utility Personal | 6,342,490 | 6,675,260 |
| Total Assessed Value | <u>\$252,752,210</u> | <u>\$255,107,890</u> |
| Tax rate per \$1,000 of assessed valuation | \$55.70 | \$53.85 |

NOTE 8 - RECEIVABLES

Receivables at June 30, 2013 consisted of taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2013:

Historical Cost:

| Class | Balance at June 30, 2012 | Additions | Deletions | Balance at June 30, 2013 |
|--|-----------------------------|------------------|--------------------|-----------------------------|
| <i>Capital Assets not being depreciated:</i> | | | | |
| Land | \$438,952 | \$0 | \$0 | \$438,952 |
| Subtotal | <u>438,952</u> | <u>0</u> | <u>0</u> | <u>438,952</u> |
| <i>Capital Assets being depreciated:</i> | | | | |
| Land Improvements | 2,151,716 | 0 | 0 | 2,151,716 |
| Buildings and Improvements | 21,792,147 | 0 | 0 | 21,792,147 |
| Furniture, Fixtures and Equipment | 1,546,936 | 110,643 | (248,060) | 1,409,519 |
| Vehicles | 936,323 | 12,747 | 0 | 949,070 |
| Subtotal | <u>26,427,122</u> | <u>123,390</u> | <u>(248,060)</u> | <u>26,302,452</u> |
| Total Cost | <u>\$26,866,074</u> | <u>\$123,390</u> | <u>(\$248,060)</u> | <u>\$26,741,404</u> |

Accumulated Depreciation:

| Class | Balance at June 30, 2012 | Additions | Deletions | Balance at June 30, 2013 |
|-----------------------------------|-----------------------------|----------------------|------------------|-----------------------------|
| Land Improvements | (\$1,234,475) | (\$89,576) | \$0 | (\$1,324,051) |
| Buildings and Improvements | (8,734,358) | (636,647) | 0 | (9,371,005) |
| Furniture, Fixtures and Equipment | (1,135,637) | (71,869) | 198,447 | (1,009,059) |
| Vehicles | (852,143) | (39,935) | 0 | (892,078) |
| Total Depreciation | <u>(\$11,956,613)</u> | <u>(\$838,027) *</u> | <u>\$198,447</u> | <u>(\$12,596,193)</u> |
| <i>Net Value:</i> | <u>\$14,909,461</u> | | | <u>\$14,145,211</u> |

* Depreciation expenses were charged to governmental functions as follows:

| | |
|--|------------------|
| Instruction | \$438,611 |
| Support Services: | |
| Pupils | 20,161 |
| Instructional Staff | 20,498 |
| Administration | 43,594 |
| Fiscal Services | 2,741 |
| Operations and Maintenance of Plant | 59,113 |
| Pupil Transportation | 50,665 |
| Operation of Non-Instructional Services: | |
| Food Service | 36,060 |
| Extracurricular Activities | 166,584 |
| Total Depreciation Expense | <u>\$838,027</u> |

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$252,755, \$234,173 and \$209,057 respectively, which were equal to the required contributions for each year.

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$866,001, \$928,456, and \$926,673 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2013 were \$12,679 made by the District and \$9,057 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$28,773, \$32,543, and \$47,326 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$14,278, \$13,829, and \$13,453 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$66,615, \$71,420, and \$71,283 respectively; which were equal to the required contributions for each year.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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

The original amounts of the General Obligation Bonds Payable of \$993,350, and \$16,248,718, were used to finance the cost of various building renovations and the cost of building a new high school and other building additions. The original amounts of the General Obligation Bonds Payable of \$9,999,987, and \$2,494,999 were used to partially refund the \$16,248,718 bond.

Detail of the changes in the notes, bonds, capital leases payable and compensated absences of the District for the year ended June 30, 2013 is as follows:

| | | Balance June 30, 2012 | Issued | Retired | Balance June 30, 2013 | Due Within One Year |
|---|-----------|--------------------------|-----------|---------------|--------------------------|------------------------|
| Governmental Activities: | | | | | | |
| General Obligation Bonds Payable: | | | | | | |
| School Improvement Bonds | 6.38% | \$940,000 | \$0 | (\$5,000) | \$935,000 | \$5,000 |
| School Improvement Bonds | 4.35-5.6% | 118,718 | 0 | (48,066) | 70,652 | 39,095 |
| School Improvement Bonds-Refunding | 2.75-4.2% | 9,199,987 | 0 | (220,000) | 8,979,987 | 220,000 |
| School Improvement Bonds-Refunding | 3.6-4% | 1,915,000 | 0 | (15,000) | 1,900,000 | 15,000 |
| Subtotal General Obligation Bonds Payable | | 12,173,705 | 0 | (288,066) | 11,885,639 | 279,095 |
| Premium on Refunding Bonds | | 812,416 | 0 | (68,943) | 743,473 | 0 |
| Interest Accretion | | 2,075,265 | 434,728 | (616,934) | 1,893,059 | 630,905 |
| Total General Obligation Bonds Payable | | 15,061,386 | 434,728 | (973,943) | 14,522,171 | 910,000 |
| Capital Leases | | 69,131 | 74,450 | (78,849) | 64,732 | 13,699 |
| Compensated Absences | | 1,347,406 | 109,850 | (272,616) | 1,184,640 | 278,250 |
| Total Governmental Activities | | \$16,477,923 | \$619,028 | (\$1,325,408) | \$15,771,543 | \$1,201,949 |

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2013, follows:

| Years | General Obligation Bonds Payable | | Capital Leases | |
|-----------|-------------------------------------|-------------|----------------|----------|
| | Principal | Interest | Principal | Interest |
| 2014 | \$279,095 | \$1,100,872 | \$13,699 | \$3,725 |
| 2015 | 286,557 | 1,097,785 | 14,597 | 2,827 |
| 2016 | 975,000 | 432,729 | 15,553 | 1,871 |
| 2017 | 1,015,000 | 391,799 | 16,573 | 851 |
| 2018 | 1,055,000 | 350,279 | 4,310 | 46 |
| 2019-2023 | 2,959,987 | 3,956,791 | 0 | 0 |
| 2024-2028 | 5,315,000 | 514,421 | 0 | 0 |
| Totals | \$11,885,639 | \$7,844,676 | \$64,732 | \$9,320 |

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 13 - CAPITALIZED LEASES

The District leases several copiers under capital leases. The cost of the equipment obtained under capital leases is \$74,450, which is included in the Governmental Activities Capital Assets and the related liability is included in the Governmental Activities Long-Term Liabilities.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2013:

| <u>Year Ending June 30,</u> | <u>Capital Leases</u> |
|--|-----------------------|
| 2014 | \$17,424 |
| 2015 | 17,424 |
| 2016 | 17,424 |
| 2017 | 17,424 |
| 2018 | 4,356 |
| Minimum Lease Payments | 74,052 |
| Less: Amount representing interest at the District's incremental borrowing rate of interest | (9,320) |
| Present Value of minimum lease payments | <u>\$64,732</u> |

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2013 the District contracted with Liberty Mutual Company for various insurance coverages, as follows:

| <u>Coverage</u> | <u>Deductible</u> | <u>Aggregate</u> |
|--|---------------------|------------------|
| | \$500/Comprehensive | |
| Fleet Insurance | \$500/Collision | \$1,000,000 |
| Buildings and Contents | \$1,000 | \$45,141,111 |
| Equipment Breakdown | \$1,000 | \$37,777,500 |
| School District Liability | \$0 | \$2,000,000 |
| Employee Benefits Liability | \$1,000 | \$3,000,000 |
| School Leaders Errors and Omissions | \$2,500 | \$1,000,000 |
| Umbrella Policy | \$0 | \$1,000,000 |
| Crime | \$0 | \$50,000 |
| Inland Marine | \$500 | \$100,000 |
| Computers | \$500 | \$100,000 |

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 14 - RISK MANAGEMENT (Continued)

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

The District provides group health care insurance by contracting with Medical Mutual, Inc. for commercial health care coverage. Beginning July 1, 2013, the District will be self-insured for health care. The plan will be administered by a third party administrator, Medical Benefits, Inc.

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts for capital acquisition into a reserve. Reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2013, the reserve activity (cash-basis) was as follows:

| | Capital Acquisition Reserve |
|--|-----------------------------------|
| Set-aside Cash Balance as of June 30, 2012 | \$0 |
| Current Year Additions | 280,911 |
| Qualifying Offset | (221,190) |
| Current Year Disbursements | (99,359) |
| Totals | <u>(\$39,638)</u> |
| Balance Carried Forward to FY2014 | <u>\$0</u> |
| Restricted Cash Balance at June 30, 2013 | <u>\$0</u> |

The District had qualifying disbursements in past years that reduced the set-aside amounts below zero for the Capital Acquisition Reserve; however, this amount may not be used to reduce the set-aside requirement for future years.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

Licking Area Computer Association - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$115,783 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Strey, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

B. Educational Regional Service System Region 11

The School District participates in the Educational Regional Service System (ERSS) Region 11, a jointly governed organization consisting of educational entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Franklin Educational Service Center, Citygate Business Park, 2080 Citygate Drive, Columbus, OH, 43219.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 17 – CONTINGENCIES

A. Grants

The District receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2013.

HEATH CITY SCHOOL DISTRICT

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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



HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Food Service Fund

To record financial transactions associated with food service operations.

Uniform School Supply Fund

To account for the purchase and sale of school supplies. Profits derived from sales must be used for school purposes or activities. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Rotary Fund

To account for operations that provide goods and services provided by the District. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Public School Support Fund

To account for specific local revenue sources, other than taxes that are restricted to expenditures for specified purposes, curricular and extracurricular, approved by board resolutions. . (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Other Grants Fund

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

District Managed Student Activity Fund

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

Auxiliary Services Fund

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

Management Information System Fund

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

(Continued)

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

SchoolNet Professional Development Fund

To account for professional development subsidy grants. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Title VI-B Fund

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

Vocational Education Fund

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

Title I Fund

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

Improving Teacher Quality Fund

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

Capital Projects Funds

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

Permanent Improvement Fund

To account for financial resources to be used for the acquisition of major capital assets.

Building Fund

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

HEATH CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|---------------------------------------|---|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 113,369 | \$ 693,683 | \$ 807,052 |
| Receivables: | | | |
| Taxes | 0 | 196,833 | 196,833 |
| Intergovernmental | 52,556 | 0 | 52,556 |
| Inventory | 18,715 | 0 | 18,715 |
| Prepaid Items | 157 | 0 | 157 |
| Total Assets | \$ 184,797 | \$ 890,516 | \$ 1,075,313 |
| Liabilities: | | | |
| Accounts Payable | \$ 2,377 | \$ 13,680 | \$ 16,057 |
| Accrued Wages and Benefits | 93,350 | 0 | 93,350 |
| Intergovernmental Payable | 18,485 | 0 | 18,485 |
| Compensated Absences Payable | 2,256 | 0 | 2,256 |
| Early Retirement Incentive Payable | 4,833 | 0 | 4,833 |
| Total Liabilities | 121,301 | 13,680 | 134,981 |
| Deferred Inflows of Resources: | | | |
| Property Taxes | 0 | 184,612 | 184,612 |
| Unavailable Revenue | 6,198 | 6,291 | 12,489 |
| Total Deferred Inflows of Resources | 6,198 | 190,903 | 197,101 |
| Fund Balances: | | | |
| Nonspendable | 18,872 | 0 | 18,872 |
| Restricted | 83,387 | 685,933 | 769,320 |
| Unassigned | (44,961) | 0 | (44,961) |
| Total Fund Balances | 57,298 | 685,933 | 743,231 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 184,797 | \$ 890,516 | \$ 1,075,313 |

HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013**

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|--------------------------------------|---------------------------------------|---|
| Revenues: | | | |
| Local Sources: | | | |
| Taxes | \$ 0 | \$ 181,270 | \$ 181,270 |
| Food Services | 220,566 | 0 | 220,566 |
| Investment Earnings | 107 | 4,129 | 4,236 |
| Extracurricular Activities | 102,999 | 0 | 102,999 |
| Intergovernmental - State | 17,692 | 37,183 | 54,875 |
| Intergovernmental - Federal | 920,119 | 0 | 920,119 |
| All Other Revenue | 58,035 | 3,023 | 61,058 |
| Total Revenue | 1,319,518 | 225,605 | 1,545,123 |
| Expenditures: | | | |
| Current: | | | |
| Instruction | 433,730 | 229,147 | 662,877 |
| Supporting Services: | | | |
| Instructional Staff | 64,883 | 0 | 64,883 |
| Administration | 126,335 | 7,536 | 133,871 |
| Fiscal Services | 198 | 3,154 | 3,352 |
| Central | 7,200 | 0 | 7,200 |
| Operation of Non-Instructional Services: | | | |
| Community Services | 1,776 | 0 | 1,776 |
| Food Service Operations | 571,932 | 0 | 571,932 |
| Extracurricular Activities | 126,540 | 0 | 126,540 |
| Capital Outlay | 0 | 28,312 | 28,312 |
| Total Expenditures | 1,332,594 | 268,149 | 1,600,743 |
| Excess (Deficiency) of Revenues | | | |
| Over Expenditures | (13,076) | (42,544) | (55,620) |
| Fund Balances at Beginning of Year | 68,041 | 728,477 | 796,518 |
| Increase in Inventory Reserve | 2,333 | 0 | 2,333 |
| Fund Balances End of Year | \$ 57,298 | \$ 685,933 | \$ 743,231 |



HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013***

| | Food Service | Other Grants | District Managed Student Activity | Auxiliary Services |
|--|------------------|-----------------|--------------------------------------|--------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 19,683 | \$ 1,489 | \$ 58,186 | \$ 3,126 |
| Receivables: | | | | |
| Intergovernmental | 0 | 0 | 0 | 0 |
| Inventory | 18,715 | 0 | 0 | 0 |
| Prepaid Items | 157 | 0 | 0 | 0 |
| Total Assets | \$ 38,555 | \$ 1,489 | \$ 58,186 | \$ 3,126 |
| Liabilities: | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 2,158 | \$ 0 |
| Accrued Wages and Benefits | 39,846 | 0 | 0 | 0 |
| Intergovernmental Payable | 17,709 | 0 | 0 | 0 |
| Compensated Absences Payable | 2,256 | 0 | 0 | 0 |
| Early Retirement Incentive Payable | 4,833 | 0 | 0 | 0 |
| Total Liabilities | 64,644 | 0 | 2,158 | 0 |
| Deferred Inflows of Resources: | | | | |
| Unavailable Revenue | 0 | 0 | 0 | 0 |
| Total Deferred Inflows of Resources | 0 | 0 | 0 | 0 |
| Fund Balances: | | | | |
| Nonspendable | 18,872 | 0 | 0 | 0 |
| Restricted | 0 | 1,489 | 56,028 | 3,126 |
| Unassigned | (44,961) | 0 | 0 | 0 |
| Total Fund Balances (Deficit) | (26,089) | 1,489 | 56,028 | 3,126 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 38,555 | \$ 1,489 | \$ 58,186 | \$ 3,126 |

HEATH CITY SCHOOL DISTRICT

| Management Information System | Title VI-B | Vocational Education | Title I | Improving Teacher Quality | Total Nonmajor Special Revenue Funds |
|-------------------------------------|------------------|-------------------------|------------------|------------------------------|--|
| \$ 7,000 | \$ 7,912 | \$ 396 | \$ 13,837 | \$ 1,740 | \$ 113,369 |
| 0 | 27,367 | 0 | 18,991 | 6,198 | 52,556 |
| 0 | 0 | 0 | 0 | 0 | 18,715 |
| 0 | 0 | 0 | 0 | 0 | 157 |
| <u>\$ 7,000</u> | <u>\$ 35,279</u> | <u>\$ 396</u> | <u>\$ 32,828</u> | <u>\$ 7,938</u> | <u>\$ 184,797</u> |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 219 | \$ 2,377 |
| 0 | 21,178 | 0 | 32,326 | 0 | 93,350 |
| 0 | 307 | 0 | 469 | 0 | 18,485 |
| 0 | 0 | 0 | 0 | 0 | 2,256 |
| 0 | 0 | 0 | 0 | 0 | 4,833 |
| <u>0</u> | <u>21,485</u> | <u>0</u> | <u>32,795</u> | <u>219</u> | <u>121,301</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>6,198</u> | <u>6,198</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>6,198</u> | <u>6,198</u> |
| 0 | 0 | 0 | 0 | 0 | 18,872 |
| 7,000 | 13,794 | 396 | 33 | 1,521 | 83,387 |
| 0 | 0 | 0 | 0 | 0 | (44,961) |
| <u>7,000</u> | <u>13,794</u> | <u>396</u> | <u>33</u> | <u>1,521</u> | <u>57,298</u> |
| <u>\$ 7,000</u> | <u>\$ 35,279</u> | <u>\$ 396</u> | <u>\$ 32,828</u> | <u>\$ 7,938</u> | <u>\$ 184,797</u> |

HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013**

| | Food Service | Other Grants | District Managed Student Activity | Auxiliary Services |
|---|--------------------|-----------------|---|-----------------------|
| Revenues: | | | | |
| Local Sources: | | | | |
| Food Services | \$ 220,566 | \$ 0 | \$ 0 | \$ 0 |
| Investment Earnings | 37 | 0 | 70 | 0 |
| Extracurricular Activities | 0 | 0 | 102,999 | 0 |
| Intergovernmental - State | 5,524 | 0 | 0 | 4,968 |
| Intergovernmental - Federal | 258,788 | 0 | 0 | 0 |
| All Other Revenue | 24,197 | 0 | 33,838 | 0 |
| Total Revenue | <u>509,112</u> | <u>0</u> | <u>136,907</u> | <u>4,968</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 0 | 0 | 0 | 0 |
| Supporting Services: | | | | |
| Instructional Staff | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Fiscal Services | 0 | 0 | 0 | 198 |
| Central | 0 | 0 | 0 | 0 |
| Operation of Non-Instructional Services: | | | | |
| Community Services | 0 | 0 | 0 | 1,776 |
| Food Service Operations | 571,932 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 126,540 | 0 |
| Total Expenditures | <u>571,932</u> | <u>0</u> | <u>126,540</u> | <u>1,974</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | (62,820) | 0 | 10,367 | 2,994 |
| Fund Balances at Beginning of Year | 34,398 | 1,489 | 45,661 | 132 |
| Increase in Inventory Reserve | 2,333 | 0 | 0 | 0 |
| Fund Balances End of Year | <u>\$ (26,089)</u> | <u>\$ 1,489</u> | <u>\$ 56,028</u> | <u>\$ 3,126</u> |

HEATH CITY SCHOOL DISTRICT

| Management Information System | SchoolNet Professional Development | Title VI-B | Vocational Education | Title I | Improving Teacher Quality | Total Nonmajor Special Revenue Funds |
|-------------------------------------|--|------------------|-------------------------|----------------|------------------------------|--|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 220,566 |
| 0 | 0 | 0 | 0 | 0 | 0 | 107 |
| 0 | 0 | 0 | 0 | 0 | 0 | 102,999 |
| 0 | 7,200 | 0 | 0 | 0 | 0 | 17,692 |
| 0 | 0 | 305,728 | 0 | 319,035 | 36,568 | 920,119 |
| 0 | 0 | 0 | 0 | 0 | 0 | 58,035 |
| <u>0</u> | <u>7,200</u> | <u>305,728</u> | <u>0</u> | <u>319,035</u> | <u>36,568</u> | <u>1,319,518</u> |
| 0 | 0 | 127,885 | 0 | 305,845 | 0 | 433,730 |
| 0 | 0 | 25,814 | 0 | 3,802 | 35,267 | 64,883 |
| 0 | 0 | 126,335 | 0 | 0 | 0 | 126,335 |
| 0 | 0 | 0 | 0 | 0 | 0 | 198 |
| 0 | 7,200 | 0 | 0 | 0 | 0 | 7,200 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,776 |
| 0 | 0 | 0 | 0 | 0 | 0 | 571,932 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>126,540</u> |
| <u>0</u> | <u>7,200</u> | <u>280,034</u> | <u>0</u> | <u>309,647</u> | <u>35,267</u> | <u>1,332,594</u> |
| 0 | 0 | 25,694 | 0 | 9,388 | 1,301 | (13,076) |
| 7,000 | 0 | (11,900) | 396 | (9,355) | 220 | 68,041 |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,333 |
| <u>\$ 7,000</u> | <u>\$ 0</u> | <u>\$ 13,794</u> | <u>\$ 396</u> | <u>\$ 33</u> | <u>\$ 1,521</u> | <u>\$ 57,298</u> |

HEATH CITY SCHOOL DISTRICT

*Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013*

| | <u>Permanent Improvement</u> | <u>Building</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|--|----------------------------------|------------------|--|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 666,198 | \$ 27,485 | \$ 693,683 |
| Receivables: | | | |
| Taxes | 196,833 | 0 | 196,833 |
| Total Assets | <u>\$ 863,031</u> | <u>\$ 27,485</u> | <u>\$ 890,516</u> |
| Liabilities: | | | |
| Accounts Payable | \$ 12,994 | \$ 686 | \$ 13,680 |
| Total Liabilities | <u>12,994</u> | <u>686</u> | <u>13,680</u> |
| Deferred Inflows of Resources: | | | |
| Property Taxes | 184,612 | 0 | 184,612 |
| Unavailable Revenue | 6,291 | 0 | 6,291 |
| Total Deferred Inflows of Resources | <u>190,903</u> | <u>0</u> | <u>190,903</u> |
| Fund Balances: | | | |
| Restricted | 659,134 | 26,799 | 685,933 |
| Total Fund Balances | <u>659,134</u> | <u>26,799</u> | <u>685,933</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 863,031</u> | <u>\$ 27,485</u> | <u>\$ 890,516</u> |

HEATH CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2013***

| | Permanent Improvement | Building | Total Nonmajor Capital Projects Funds |
|---|--------------------------|-----------|---|
| Revenues: | | | |
| Local Sources: | | | |
| Taxes | \$ 181,270 | \$ 0 | \$ 181,270 |
| Investment Earnings | 3,836 | 293 | 4,129 |
| Intergovernmental - State | 37,183 | 0 | 37,183 |
| All Other Revenue | 3,023 | 0 | 3,023 |
| Total Revenue | 225,312 | 293 | 225,605 |
| Expenditures: | | | |
| Current: | | | |
| Instruction | 228,461 | 686 | 229,147 |
| Supporting Services: | | | |
| Administration | 0 | 7,536 | 7,536 |
| Fiscal Services | 3,154 | 0 | 3,154 |
| Capital Outlay | 28,212 | 100 | 28,312 |
| Total Expenditures | 259,827 | 8,322 | 268,149 |
| Excess (Deficiency) of Revenues | | | |
| Over (Under) Expenditures | (34,515) | (8,029) | (42,544) |
| Fund Balances at Beginning of Year | 693,649 | 34,828 | 728,477 |
| Fund Balances End of Year | \$ 659,134 | \$ 26,799 | \$ 685,933 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund – Bond Retirement Fund
For the Fiscal Year Ended June 30, 2013***

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------|--------------|---|
| Revenues: | | | |
| Taxes | \$ 1,144,550 | \$ 1,144,406 | \$ (144) |
| Intergovernmental - State | 197,342 | 221,500 | 24,158 |
| Total Revenues | 1,341,892 | 1,365,906 | 24,014 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Fiscal Services | 19,750 | 19,700 | 50 |
| Debt Service: | | | |
| Principal Retirement | 905,000 | 905,000 | 0 |
| Interest and Fiscal Charges | 486,000 | 479,136 | 6,864 |
| Total Debt Service | 1,391,000 | 1,384,136 | 6,864 |
| Total Expenditures | 1,410,750 | 1,403,836 | 6,914 |
| Excess (Deficiency) of Revenues | | | |
| Over (Under) Expenditures | (68,858) | (37,930) | 30,928 |
| Fund Balance at Beginning of Year | | | |
| | 1,042,765 | 1,042,765 | 0 |
| Fund Balance at End of Year | \$ 973,907 | \$ 1,004,835 | \$ 30,928 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

| FOOD SERVICE FUND | | | |
|--|--------------|------------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Food Services | \$ 240,000 | \$ 220,566 | \$ (19,434) |
| Investment Earnings | 120 | 37 | (83) |
| Intergovernmental - State | 6,000 | 5,524 | (476) |
| Intergovernmental - Federal | 215,000 | 227,143 | 12,143 |
| All Other Revenues | 18,000 | 24,197 | 6,197 |
| Total Revenues | 479,120 | 477,467 | (1,653) |
| Expenditures: | | | |
| Non-Instructional Services: | | | |
| Food Service Operations | 533,266 | 533,220 | 46 |
| Total Expenditures | 533,266 | 533,220 | 46 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (54,146) | (55,753) | (1,607) |
| Fund Balance at Beginning of Year | 74,456 | 74,456 | 0 |
| Fund Balance at End of Year | \$ 20,310 | \$ 18,703 | \$ (1,607) |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Class Materials and Fees | \$ 66,980 | \$ 73,210 | \$ 6,230 |
| Total Revenues | <u>66,980</u> | <u>73,210</u> | <u>6,230</u> |
| Expenditures: | | | |
| Instructional Services | 64,793 | 64,491 | 302 |
| Total Expenditures | <u>64,793</u> | <u>64,491</u> | <u>302</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,187 | 8,719 | 6,532 |
| Fund Balance at Beginning of Year | <u>64,889</u> | <u>64,889</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 67,076</u> | <u>\$ 73,608</u> | <u>\$ 6,532</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

| | ROTARY FUND | | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| | <u>Final Budget</u> | <u>Actual</u> | <u>(Negative)</u> |
| Revenues: | | | |
| Investment Earnings | \$ 15 | \$ 8 | \$ (7) |
| All Other Revenues | <u>7,100</u> | <u>5,922</u> | <u>(1,178)</u> |
| Total Revenues | <u>7,115</u> | <u>5,930</u> | <u>(1,185)</u> |
| Expenditures: | | | |
| Instructional Services | <u>6,510</u> | <u>6,339</u> | <u>171</u> |
| Total Expenditures | <u>6,510</u> | <u>6,339</u> | <u>171</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 605 | (409) | (1,014) |
| Fund Balance at Beginning of Year | 12,350 | 12,350 | 0 |
| Prior Year Encumbrances | <u>560</u> | <u>560</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 13,515</u> | <u>\$ 12,501</u> | <u>\$ (1,014)</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

| PUBLIC SCHOOL SUPPORT FUND | | | |
|--|---------------------|------------------|---|
| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| All Other Revenues | \$ 104,720 | \$ 127,565 | \$ 22,845 |
| Total Revenues | <u>104,720</u> | <u>127,565</u> | <u>22,845</u> |
| Expenditures: | | | |
| Support Services: | | | |
| Pupils | 97,085 | 96,920 | 165 |
| Instructional Staff | 6,884 | 6,876 | 8 |
| Central | <u>20,924</u> | <u>20,649</u> | <u>275</u> |
| Total Expenditures | <u>124,893</u> | <u>124,445</u> | <u>448</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (20,173) | 3,120 | 23,293 |
| Fund Balance at Beginning of Year | 42,366 | 42,366 | 0 |
| Prior Year Encumbrances | <u>8,583</u> | <u>8,583</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 30,776</u> | <u>\$ 54,069</u> | <u>\$ 23,293</u> |

HEATH CITY SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013*

| OTHER GRANTS FUND | | | |
|--|--------------|----------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | |
| Non-Instructional Services: | | | |
| Other | 242 | 0 | 242 |
| Total Expenditures | 242 | 0 | 242 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (242) | 0 | 242 |
| Fund Balance at Beginning of Year | 1,489 | 1,489 | 0 |
| Fund Balance at End of Year | \$ 1,247 | \$ 1,489 | \$ 242 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

DISTRICT MANAGED STUDENT ACTIVITY FUND

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Investment Earnings | \$ 120 | \$ 70 | \$ (50) |
| Extracurricular Activities | 97,200 | 102,999 | 5,799 |
| All Other Revenues | 21,000 | 33,838 | 12,838 |
| Total Revenues | <u>118,320</u> | <u>136,907</u> | <u>18,587</u> |
| Expenditures: | | | |
| Extracurricular Activities | 130,465 | 130,452 | 13 |
| Total Expenditures | <u>130,465</u> | <u>130,452</u> | <u>13</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (12,145) | 6,455 | 18,600 |
| Fund Balance at Beginning of Year | 42,311 | 42,311 | 0 |
| Prior Year Encumbrances | 3,415 | 3,415 | 0 |
| Fund Balance at End of Year | <u>\$ 33,581</u> | <u>\$ 52,181</u> | <u>\$ 18,600</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------|---|
| Revenues: | | | |
| Intergovernmental - State | \$ 4,000 | \$ 4,968 | \$ 968 |
| Total Revenues | <u>4,000</u> | <u>4,968</u> | <u>968</u> |
| Expenditures: | | | |
| Support Services: | | | |
| Fiscal Services | 198 | 198 | 0 |
| Community Services | <u>1,776</u> | <u>1,776</u> | <u>0</u> |
| Total Expenditures | <u>1,974</u> | <u>1,974</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,026 | 2,994 | 968 |
| Fund Balance at Beginning of Year | 6 | 6 | 0 |
| Prior Year Encumbrances | <u>126</u> | <u>126</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 2,158</u> | <u>\$ 3,126</u> | <u>\$ 968</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

MANAGEMENT INFORMATION SYSTEM FUND

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------|---|
| Revenues: | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | |
| Total Expenditures | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 7,000 | 7,000 | 0 |
| Fund Balance at End of Year | <u>\$ 7,000</u> | <u>\$ 7,000</u> | <u>\$ 0</u> |

HEATH CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013**

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------|----------|---|
| Revenues: | | | |
| Intergovernmental - State | \$ 0 | \$ 7,200 | \$ 7,200 |
| Total Revenues | 0 | 7,200 | 7,200 |
| Expenditures: | | | |
| Support Services: | | | |
| Central | 7,200 | 7,200 | 0 |
| Total Expenditures | 7,200 | 7,200 | 0 |
| Excess (Deficiency) of Revenues | | | |
| Over (Under) Expenditures | (7,200) | 0 | 7,200 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Fund Balance at End of Year | \$ (7,200) | \$ 0 | \$ 7,200 |

HEATH CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013**

| TITLE VI-B FUND | | | |
|--|--------------|------------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental - Federal | \$ 28,353 | \$ 278,361 | \$ 250,008 |
| Total Revenues | 28,353 | 278,361 | 250,008 |
| Expenditures: | | | |
| Instructional Services | 133,368 | 133,368 | 0 |
| Support Services: | | | |
| Instructional Staff | 25,814 | 25,814 | 0 |
| Admininstration | 124,354 | 124,354 | 0 |
| Total Expenditures | 283,536 | 283,536 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (255,183) | (5,175) | 250,008 |
| Fund Balance at Beginning of Year | 12,237 | 12,237 | 0 |
| Prior Year Encumbrances | 850 | 850 | 0 |
| Fund Balance at End of Year | \$ (242,096) | \$ 7,912 | \$ 250,008 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

VOCATIONAL EDUCATION FUND

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------|---|
| Revenues: | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | |
| Total Expenditures | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 396 | 396 | 0 |
| Fund Balance at End of Year | <u>\$ 396</u> | <u>\$ 396</u> | <u>\$ 0</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

| TITLE I FUND | | | |
|--|--------------|------------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental - Federal | \$ 12,944 | \$ 300,044 | \$ 287,100 |
| Total Revenues | 12,944 | 300,044 | 287,100 |
| Expenditures: | | | |
| Instructional Services | 297,606 | 297,606 | 0 |
| Support Services: | | | |
| Instructional Staff | 4,073 | 4,073 | 0 |
| Total Expenditures | 301,679 | 301,679 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (288,735) | (1,635) | 287,100 |
| Fund Balance at Beginning of Year | 15,201 | 15,201 | 0 |
| Prior Year Encumbrances | 271 | 271 | 0 |
| Fund Balance at End of Year | \$ (273,263) | \$ 13,837 | \$ 287,100 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013***

| IMPROVING TEACHER QUALITY FUND | | | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------|---|
| | <u>Final Budget</u> | <u>Actual</u> | <u>(Negative)</u> |
| Revenues: | | | |
| Intergovernmental - Federal | \$ 8,782 | \$ 36,568 | \$ 27,786 |
| Total Revenues | <u>8,782</u> | <u>36,568</u> | <u>27,786</u> |
| Expenditures: | | | |
| Support Services: | | | |
| Instructional Staff | 35,789 | 35,789 | 0 |
| Total Expenditures | <u>35,789</u> | <u>35,789</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (27,007) | 779 | 27,786 |
| Fund Balance at Beginning of Year | 220 | 220 | 0 |
| Fund Balance at End of Year | <u>\$ (26,787)</u> | <u>\$ 999</u> | <u>\$ 27,786</u> |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2013***

| PERMANENT IMPROVEMENT FUND | | | |
|--|--------------|------------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Local Sources: | | | |
| Taxes | \$ 187,585 | \$ 184,820 | \$ (2,765) |
| Investment Earnings | 4,620 | 3,836 | (784) |
| Intergovernmental - State | 46,000 | 37,183 | (8,817) |
| All Other Revenues | 5,995 | 3,023 | (2,972) |
| Total Revenues | 244,200 | 228,862 | (15,338) |
| Expenditures: | | | |
| Instructional Services | 294,978 | 243,493 | 51,485 |
| Support Services: | | | |
| Fiscal Services | 3,160 | 3,154 | 6 |
| Capital Outlay | 29,000 | 28,212 | 788 |
| Total Expenditures | 327,138 | 274,859 | 52,279 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (82,938) | (45,997) | 36,941 |
| Fund Balance at Beginning of Year | 679,331 | 679,331 | 0 |
| Prior Year Encumbrances | 5,628 | 5,628 | 0 |
| Fund Balance at End of Year | \$ 602,021 | \$ 638,962 | \$ 36,941 |

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2013***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Investment Earnings | \$ 175 | \$ 293 | \$ 118 |
| Total Revenues | <u>175</u> | <u>293</u> | <u>118</u> |
| Expenditures: | | | |
| Supporting Services: | | | |
| Operation and Maintenance of Plant Services | 8,000 | 7,536 | 464 |
| Capital Outlay | <u>100</u> | <u>100</u> | <u>0</u> |
| Total Expenditures | <u>8,100</u> | <u>7,636</u> | <u>464</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (7,925) | (7,343) | 582 |
| Fund Balance at Beginning of Year | <u>34,828</u> | <u>34,828</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 26,903</u> | <u>\$ 27,485</u> | <u>\$ 582</u> |

HEATH CITY SCHOOL DISTRICT

Fiduciary Fund

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

Agency Fund

Student Managed Activity Fund

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

HEATH CITY SCHOOL DISTRICT

***Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2013***

| | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|-----------------------------|-----------------|-------------------|-----------------------------|
| <u>Student Managed Activity Fund</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$41,213 | \$88,884 | (\$84,409) | \$45,688 |
| Total Assets | <u>\$41,213</u> | <u>\$88,884</u> | <u>(\$84,409)</u> | <u>\$45,688</u> |
| Liabilities: | | | | |
| Due to Students | \$41,213 | \$88,884 | (\$84,409) | \$45,688 |
| Total Liabilities | <u>\$41,213</u> | <u>\$88,884</u> | <u>(\$84,409)</u> | <u>\$45,688</u> |



STATISTICAL SECTION



HEATH CITY SCHOOL DISTRICT

STATISTICAL TABLES

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

| | |
|---|-------------|
| Financial Trends | S 2 – S 13 |
| These schedules contain trend information to help the reader understand how the District's financial position has changed over time. | |
| Revenue Capacity | S 14 – S 21 |
| These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue sources, property taxes. | |
| Debt Capacity | S 22 – S 29 |
| These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | |
| Economic and Demographic Information | S 30 – S 33 |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. | |
| Operating Information | S 34 – S 45 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | |

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Heath City School District

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

| | 2004 | 2005 | 2006 | 2007 |
|--|--------------------|--------------------|--------------------|--------------------|
| Governmental Activities: | | | | |
| Net Investment in Capital Assets | \$3,565,368 | \$2,416,171 | \$1,993,183 | \$2,893,470 |
| Restricted for: | | | | |
| Capital Projects | 55,330 | 1,037,247 | 887,506 | 728,676 |
| Debt Service | 72,953 | 83,212 | 491,354 | 554,425 |
| Statutory Purposes | 0 | 0 | 0 | 0 |
| Federal and State Grant Programs | 0 | 0 | 0 | 0 |
| Other Purposes | 410,008 | 344,480 | 351,893 | 518,892 |
| Unrestricted | 600,253 | 856,624 | 705,539 | (495,432) |
| Total Governmental Activities Net Position | <u>\$4,703,912</u> | <u>\$4,737,734</u> | <u>\$4,429,475</u> | <u>\$4,200,031</u> |
| Primary Government: | | | | |
| Net Investment in Capital Assets | \$3,565,368 | \$2,416,171 | \$1,993,183 | \$2,893,470 |
| Restricted | 538,291 | 1,464,939 | 1,730,753 | 1,801,993 |
| Unrestricted | 600,253 | 856,624 | 705,539 | (495,432) |
| Total Primary Government Net Position | <u>\$4,703,912</u> | <u>\$4,737,734</u> | <u>\$4,429,475</u> | <u>\$4,200,031</u> |

* Restated

Source: District Treasurer's Office

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | * | | | | |
| \$2,834,908 | \$2,811,504 | \$2,693,125 | \$2,630,860 | \$2,239,306 | \$1,569,237 |
| 887,090 | 800,073 | 829,813 | 719,231 | 738,118 | 692,224 |
| 720,704 | 855,590 | 1,072,423 | 1,054,061 | 1,128,253 | 1,042,315 |
| 0 | 0 | 0 | 0 | 140,760 | 61,909 |
| 0 | 0 | 0 | 0 | 36,153 | 33,557 |
| 759,384 | 1,006,293 | 815,061 | 1,235,344 | 0 | 0 |
| (160,090) | (206,364) | (246,538) | (1,193,673) | (1,279,996) | (2,343,361) |
| <u>\$5,041,996</u> | <u>\$5,267,096</u> | <u>\$5,163,884</u> | <u>\$4,445,823</u> | <u>\$3,002,594</u> | <u>\$1,055,881</u> |
| \$2,834,908 | \$2,811,504 | \$2,693,125 | \$2,630,860 | \$2,239,306 | \$1,569,237 |
| 2,367,178 | 2,661,956 | 2,717,297 | 3,008,636 | 2,043,284 | 1,830,005 |
| (160,090) | (206,364) | (246,538) | (1,193,673) | (1,279,996) | (2,343,361) |
| <u>\$5,041,996</u> | <u>\$5,267,096</u> | <u>\$5,163,884</u> | <u>\$4,445,823</u> | <u>\$3,002,594</u> | <u>\$1,055,881</u> |

Heath City School District

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

| | 2004 | 2005 | 2006 | 2007 |
|--|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Instruction | \$7,420,592 | \$8,091,647 | \$8,505,200 | \$8,926,735 |
| Support Services: | | | | |
| Pupils | 670,516 | 829,084 | 816,256 | 799,648 |
| Instructional Staff | 444,965 | 468,106 | 560,388 | 414,699 |
| Board of Education | 13,610 | 11,468 | 8,668 | 9,322 |
| Administration | 1,195,387 | 1,194,699 | 1,259,854 | 1,267,292 |
| Fiscal Services | 465,977 | 508,518 | 497,666 | 529,640 |
| Business | 33,354 | 18,637 | 25,163 | 32,881 |
| Operation and Maintenance of Plant | 1,067,835 | 1,214,728 | 1,240,473 | 1,398,886 |
| Pupil Transportation | 393,860 | 477,979 | 549,559 | 575,485 |
| Central | 220,088 | 221,434 | 208,089 | 237,093 |
| Operation of Non-Instructional Services | | | | |
| Community Services | 4,576 | 7,582 | 4,458 | 6,483 |
| Food Service Operations | 470,482 | 493,570 | 511,037 | 550,878 |
| Other | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 455,412 | 537,875 | 557,110 | 598,363 |
| Interest and Fiscal Charges | 972,786 | 982,861 | 710,537 | 939,196 |
| <i>Total Primary Government Expenses</i> | <u>\$13,829,440</u> | <u>\$15,058,188</u> | <u>\$15,454,458</u> | <u>\$16,286,601</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services | | | | |
| Instruction | \$193,636 | \$169,393 | \$168,744 | \$217,244 |
| Support Services: | | | | |
| Pupils | 29,604 | 35,712 | 46,813 | 36,026 |
| Operation of Non-Instructional Services | | | | |
| Food Service Operations | 280,018 | 281,668 | 300,649 | 291,284 |
| Extracurricular Activities | 63,930 | 74,588 | 79,875 | 97,200 |
| Operating Grants and Contributions | 664,410 | 788,301 | 841,478 | 849,020 |
| Capital Grants and Contributions | 0 | 15,225 | 52,500 | 0 |
| <i>Total Governmental Activities</i> | <u>1,231,598</u> | <u>1,364,887</u> | <u>1,490,059</u> | <u>1,490,774</u> |
| <i>Program Revenues</i> | | | | |

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$9,085,543 | \$9,646,810 | \$10,537,518 | \$10,300,203 | \$9,989,037 | \$10,304,880 |
| 810,305 | 865,694 | 1,030,058 | 935,407 | 805,150 | 632,193 |
| 378,349 | 350,010 | 374,083 | 384,329 | 344,754 | 318,009 |
| 10,855 | 12,061 | 11,787 | 16,901 | 20,516 | 79,588 |
| 1,254,840 | 1,333,496 | 1,450,432 | 1,452,788 | 1,618,593 | 1,468,112 |
| 487,384 | 514,732 | 504,185 | 499,038 | 492,224 | 506,287 |
| 44,304 | 41,636 | 34,831 | 34,834 | 17,713 | 29,284 |
| 1,353,411 | 1,317,583 | 1,236,884 | 1,230,337 | 1,306,882 | 1,351,000 |
| 631,807 | 589,078 | 631,971 | 642,930 | 638,839 | 654,334 |
| 250,355 | 243,900 | 291,401 | 319,121 | 280,810 | 275,932 |
| 5,951 | 5,125 | 10,722 | 6,758 | 6,117 | 1,776 |
| 560,347 | 592,736 | 629,322 | 597,437 | 616,504 | 616,807 |
| 0 | 0 | 0 | 0 | 1,900 | 0 |
| 616,595 | 728,693 | 713,070 | 688,364 | 574,354 | 601,322 |
| 941,017 | 963,173 | 985,299 | 1,012,984 | 1,024,811 | 1,117,528 |
| <u>\$16,431,063</u> | <u>\$17,204,727</u> | <u>\$18,441,563</u> | <u>\$18,121,431</u> | <u>\$17,738,204</u> | <u>\$17,957,052</u> |
| \$173,950 | \$186,639 | \$158,698 | \$161,632 | \$137,166 | \$156,220 |
| 1,907 | 3,856 | 59,040 | 47,311 | 45,392 | 41,000 |
| 292,224 | 298,338 | 256,785 | 243,667 | 241,808 | 220,566 |
| 105,913 | 104,348 | 109,350 | 115,755 | 87,820 | 102,999 |
| 975,399 | 922,259 | 1,564,636 | 1,688,192 | 838,086 | 895,828 |
| 5,416 | 12,068 | 0 | 0 | 0 | 0 |
| <u>1,554,809</u> | <u>1,527,508</u> | <u>2,148,509</u> | <u>2,256,557</u> | <u>1,350,272</u> | <u>1,416,613</u> |

(Continued)

Heath City School District

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

| | 2004 | 2005 | 2006 | 2007 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (12,597,842) | (13,693,301) | (13,964,399) | (14,795,827) |
| <i>Total Primary Government</i> | | | | |
| <i>Net (Expense)/Revenue</i> | <u>(\$12,597,842)</u> | <u>(\$13,693,301)</u> | <u>(\$13,964,399)</u> | <u>(\$14,795,827)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | \$6,677,199 | \$6,835,401 | \$6,834,368 | \$7,012,225 |
| Debt Service | 1,256,149 | 1,249,782 | 1,280,030 | 1,435,903 |
| Capital Outlay | 82,124 | 114,458 | 114,438 | 128,674 |
| Grants and Entitlements not Restricted to Specific Programs | 4,523,677 | 4,627,830 | 4,964,161 | 5,410,791 |
| Investment Earnings | 23,310 | 85,559 | 161,987 | 223,690 |
| Miscellaneous | 278,957 | 535,774 | 301,156 | 355,100 |
| <i>Total Primary Government</i> | <u>\$12,841,416</u> | <u>\$13,448,804</u> | <u>\$13,656,140</u> | <u>\$14,566,383</u> |
| <i>Special Item:</i> | | | | |
| Gain on Sale of Capital Assets | 0 | 1,299,371 | 0 | 0 |
| Loss on Disposal of Capital Assets | (371,782) | 0 | 0 | 0 |
| Change in Net Position | | | | |
| Governmental Activities | (128,208) | 1,054,874 | (308,259) | (229,444) |
| <i>Total Primary Government</i> | | | | |
| <i>Change in Net Position</i> | <u>(\$128,208)</u> | <u>\$1,054,874</u> | <u>(\$308,259)</u> | <u>(\$229,444)</u> |

* Restated

Source: District Treasurer's Office

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | * | | | | |
| (14,876,254) | (15,677,219) | (16,293,054) | (15,864,874) | (16,387,932) | (16,540,439) |
| <u>(\$14,876,254)</u> | <u>(\$15,677,219)</u> | <u>(\$16,293,054)</u> | <u>(\$15,864,874)</u> | <u>(\$16,387,932)</u> | <u>(\$16,540,439)</u> |
| | | | | | |
| \$7,716,065 | \$7,530,679 | \$7,924,272 | \$6,934,888 | \$6,981,958 | \$6,623,175 |
| 1,351,190 | 1,234,411 | 1,332,583 | 1,090,509 | 1,161,817 | 1,095,634 |
| 212,373 | 198,766 | 207,989 | 196,460 | 172,436 | 177,920 |
| | | | | | |
| 5,871,413 | 6,331,894 | 6,198,597 | 6,391,572 | 6,098,286 | 6,145,307 |
| 189,225 | 84,071 | 19,132 | 11,449 | 9,489 | 7,825 |
| 377,953 | 522,498 | 507,269 | 521,935 | 520,717 | 543,865 |
| <u>\$15,718,219</u> | <u>\$15,902,319</u> | <u>\$16,189,842</u> | <u>\$15,146,813</u> | <u>\$14,944,703</u> | <u>\$14,593,726</u> |
| | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| 841,965 | 225,100 | (103,212) | (718,061) | (1,443,229) | (1,946,713) |
| <u>\$841,965</u> | <u>\$225,100</u> | <u>(\$103,212)</u> | <u>(\$718,061)</u> | <u>(\$1,443,229)</u> | <u>(\$1,946,713)</u> |

Heath City School District

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

| | 2004 | 2005 | 2006 | 2007 |
|---|--------------------|--------------------|--------------------|--------------------|
| General Fund | | | | |
| Nonspendable | \$0 | \$0 | \$0 | \$0 |
| Restricted | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 |
| Reserved | 1,058,231 | 1,087,811 | 1,040,193 | 1,137,953 |
| Unreserved | 15,056 | 164,873 | 21,354 | 25,821 |
| <i>Total General Fund</i> | <u>1,073,287</u> | <u>1,252,684</u> | <u>1,061,547</u> | <u>1,163,774</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | 0 | 0 | 0 | 0 |
| Restricted | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 |
| Reserved | 185,735 | 244,300 | 734,089 | 741,159 |
| Unreserved, Undesignated in: | | | | |
| Special Revenue Funds | 208,146 | 211,556 | 247,222 | 261,747 |
| Debt Service Funds | 0 | 0 | 0 | 0 |
| Capital Projects Funds | 24,036 | 954,517 | 663,834 | 599,020 |
| <i>Total All Other Governmental Funds</i> | <u>417,917</u> | <u>1,410,373</u> | <u>1,645,145</u> | <u>1,601,926</u> |
| <i>Total Governmental Funds</i> | <u>\$1,491,204</u> | <u>\$2,663,057</u> | <u>\$2,706,692</u> | <u>\$2,765,700</u> |

* Restated

Source: District Treasurer's Office

Note: The District implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | * | | | | |
| \$0 | \$0 | \$0 | \$183,217 | \$171,764 | \$58,886 |
| 0 | 0 | 0 | 1,071,779 | 86,144 | 5,881 |
| 0 | 0 | 0 | 240,210 | 143,303 | 124,352 |
| 0 | 0 | 0 | 1,177,178 | 1,167,714 | 0 |
| 1,237,003 | 1,561,877 | 2,270,930 | 0 | 0 | 0 |
| 600,692 | 936,787 | 79,028 | 0 | 0 | 0 |
| <u>1,837,695</u> | <u>2,498,664</u> | <u>2,349,958</u> | <u>2,672,384</u> | <u>1,568,925</u> | <u>189,119</u> |
| 0 | 0 | 0 | 30,011 | 27,854 | 18,872 |
| 0 | 0 | 0 | 1,833,419 | 1,893,664 | 1,811,895 |
| 0 | 0 | 0 | 0 | (21,255) | (44,961) |
| 841,806 | 961,056 | 1,342,239 | 0 | 0 | 0 |
| 304,652 | 272,882 | 455,673 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 802,480 | 733,249 | 582,640 | 0 | 0 | 0 |
| <u>1,948,938</u> | <u>1,967,187</u> | <u>2,380,552</u> | <u>1,863,430</u> | <u>1,900,263</u> | <u>1,785,806</u> |
| <u>\$3,786,633</u> | <u>\$4,465,851</u> | <u>\$4,730,510</u> | <u>\$4,535,814</u> | <u>\$3,469,188</u> | <u>\$1,974,925</u> |

Heath City School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

| | 2004 | 2005 | 2006 | 2007 |
|--|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | |
| Local Sources: | | | | |
| Taxes | \$8,014,207 | \$8,217,228 | \$8,316,370 | \$8,973,456 |
| Tuition | 108,289 | 88,595 | 78,323 | 132,640 |
| Food Service | 280,018 | 281,668 | 300,649 | 291,284 |
| Investment Earnings | 23,310 | 81,707 | 158,998 | 224,641 |
| Extracurricular Activities | 63,930 | 74,588 | 79,875 | 97,200 |
| Class Materials and Fees | 82,661 | 80,798 | 87,092 | 80,984 |
| Intergovernmental - State | 4,540,879 | 4,666,593 | 5,053,501 | 5,435,638 |
| Intergovernmental - Federal | 623,193 | 748,174 | 801,138 | 804,350 |
| All Other Revenue | 334,750 | 588,075 | 349,000 | 414,494 |
| Total Revenue | 14,071,237 | 14,827,426 | 15,224,946 | 16,454,687 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 6,877,822 | 7,581,623 | 7,818,644 | 8,450,515 |
| Supporting Services: | | | | |
| Pupils | 645,741 | 809,485 | 819,120 | 780,296 |
| Instructional Staff | 410,181 | 417,740 | 503,159 | 392,514 |
| Board of Education | 13,610 | 11,468 | 8,668 | 9,322 |
| Administration | 1,077,687 | 1,162,291 | 1,218,226 | 1,233,636 |
| Fiscal Services | 460,016 | 496,274 | 494,041 | 524,494 |
| Business | 31,456 | 18,637 | 23,173 | 32,881 |
| Operation and Maintenance of Plant | 1,364,636 | 1,182,710 | 1,184,777 | 1,371,895 |
| Pupil Transportation | 350,581 | 434,537 | 708,790 | 526,559 |
| Central | 218,065 | 215,024 | 201,825 | 220,129 |
| Operation of Non-Instructional Services | | | | |
| Community Services | 4,139 | 7,582 | 4,458 | 6,483 |
| Food Service Operations | 438,548 | 473,144 | 471,141 | 503,554 |
| Other | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 355,806 | 376,408 | 391,195 | 429,705 |
| Other Expenditures | 0 | 0 | 0 | 0 |
| Capital Outlay | 151,606 | 418,869 | 370,063 | 293,999 |
| Debt Service: | | | | |
| Principal Retirement | 395,000 | 448,168 | 595,659 | 955,293 |
| Interest and Fiscal Charges | 929,204 | 921,912 | 776,485 | 655,854 |
| Total Expenditures | 13,724,098 | 14,975,872 | 15,589,424 | 16,387,129 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 347,139 | (148,446) | (364,478) | 67,558 |

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| | * | | | | |
| \$9,177,281 | \$8,961,555 | \$9,331,887 | \$8,188,824 | \$8,381,872 | \$8,082,155 |
| 97,851 | 93,116 | 81,380 | 86,905 | 66,003 | 78,449 |
| 292,224 | 298,338 | 256,785 | 243,667 | 241,808 | 220,566 |
| 191,210 | 83,550 | 22,538 | 11,841 | 9,590 | 7,807 |
| 105,913 | 104,348 | 109,350 | 115,755 | 87,820 | 102,999 |
| 75,699 | 85,847 | 75,966 | 72,703 | 64,454 | 76,887 |
| 5,935,027 | 6,384,719 | 6,271,018 | 6,375,408 | 6,115,330 | 6,048,971 |
| 905,022 | 882,747 | 1,409,484 | 1,736,676 | 836,314 | 920,119 |
| 383,685 | 528,422 | 567,612 | 571,270 | 572,818 | 585,749 |
| 17,163,912 | 17,422,642 | 18,126,020 | 17,403,049 | 16,376,009 | 16,123,702 |
| 8,670,531 | 9,099,786 | 9,973,182 | 9,795,976 | 9,631,529 | 9,887,089 |
| 790,332 | 843,298 | 982,329 | 927,881 | 809,099 | 609,970 |
| 362,294 | 325,836 | 350,625 | 362,563 | 324,278 | 301,093 |
| 10,855 | 12,061 | 11,787 | 16,901 | 20,516 | 79,588 |
| 1,211,911 | 1,273,230 | 1,396,787 | 1,384,316 | 1,638,441 | 1,506,325 |
| 482,568 | 504,825 | 496,682 | 492,914 | 487,692 | 502,551 |
| 44,304 | 41,636 | 34,831 | 34,834 | 17,713 | 29,284 |
| 1,261,633 | 1,259,472 | 1,168,957 | 1,189,989 | 1,222,560 | 1,208,877 |
| 581,873 | 513,898 | 556,111 | 571,969 | 585,119 | 613,996 |
| 238,584 | 232,781 | 279,319 | 311,756 | 278,397 | 274,241 |
| 5,951 | 5,125 | 10,722 | 6,758 | 6,117 | 1,776 |
| 533,326 | 553,902 | 594,848 | 560,267 | 583,818 | 583,763 |
| 0 | 0 | 0 | 0 | 1,900 | 0 |
| 449,089 | 591,722 | 543,862 | 520,440 | 421,200 | 452,268 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 88,201 | 354,520 | 91,484 | 88,968 | 49,870 | 174,798 |
| 809,080 | 791,884 | 820,875 | 818,702 | 866,702 | 983,849 |
| 612,393 | 587,690 | 554,109 | 514,971 | 491,780 | 485,280 |
| 16,152,925 | 16,991,666 | 17,866,510 | 17,599,205 | 17,436,731 | 17,694,748 |
| 1,010,987 | 430,976 | 259,510 | (196,156) | (1,060,722) | (1,571,046) |

(Continued)

Heath City School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

| | 2004 | 2005 | 2006 | 2007 |
|--|------------------|--------------------|-----------------|-----------------|
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 512 | 1,321,791 | 0 | 75 |
| General Obligation Notes Issued | 0 | 0 | 164,000 | 0 |
| Premium on General Obligation Notes | 0 | 0 | 5,798 | 0 |
| Refunding General Obligation Bonds Issued | 0 | 0 | 12,494,986 | 0 |
| Premium on General Obligation Refunding Bond | 0 | 0 | 1,275,918 | 0 |
| Payment to Refunded Bond Escrow Agent | 0 | 0 | (13,533,778) | 0 |
| Other Financing Sources - Capital Leases | 238,745 | 0 | 0 | 0 |
| Transfers In | 37,500 | 8,000 | 15,000 | 15,000 |
| Transfers Out | (37,500) | (8,000) | (15,000) | (15,000) |
| Total Other Financing Sources (Uses) | <u>239,257</u> | <u>1,321,791</u> | <u>406,924</u> | <u>75</u> |
| Net Change in Fund Balance | <u>\$586,396</u> | <u>\$1,173,345</u> | <u>\$42,446</u> | <u>\$67,633</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 9.94% | 9.39% | 9.07% | 10.02% |

* Restated

Source: District Treasurer's Office

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|------------------|------------------|--------------------|----------------------|----------------------|
| 75 | 0 | 49 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 248,060 | 0 | 0 | 0 | 74,450 |
| 20,000 | 20,000 | 20,000 | 0 | 0 | 0 |
| (20,000) | (20,000) | (20,000) | 0 | 0 | 0 |
| <u>75</u> | <u>248,060</u> | <u>49</u> | <u>0</u> | <u>0</u> | <u>74,450</u> |
| <u>\$1,011,062</u> | <u>\$679,036</u> | <u>\$259,559</u> | <u>(\$196,156)</u> | <u>(\$1,060,722)</u> | <u>(\$1,496,596)</u> |
| 8.84% | 8.31% | 7.71% | 7.61% | 7.81% | 8.36% |

Heath City School District

Assessed Valuations and Estimated True Values of Taxable Property Last Ten Calendar Years

| Tax year | 2003 | 2004 | 2005 | 2006 |
|---|---------------|---------------|---------------|---------------|
| | | | * | |
| Real Property | | | | |
| Assessed | \$198,958,880 | \$204,143,540 | \$236,666,040 | \$236,780,990 |
| Actual | 568,453,943 | 583,267,257 | 676,188,686 | 676,517,114 |
| Public Utility | | | | |
| Assessed | 6,357,200 | 6,498,070 | 6,351,210 | 6,463,400 |
| Actual | 6,357,200 | 6,498,070 | 6,351,210 | 6,463,400 |
| Tangible Personal Property | | | | |
| Assessed | 36,850,610 | 35,135,040 | 40,706,030 | 23,227,380 |
| Actual | 147,402,440 | 140,540,160 | 162,824,120 | 123,879,360 |
| Total | | | | |
| Assessed | 242,166,690 | 245,776,650 | 283,723,280 | 266,471,770 |
| Actual | 722,213,583 | 730,305,487 | 845,364,016 | 806,859,874 |
| Assessed Value as a Percentage of Actual Value | 33.53% | 33.65% | 33.56% | 33.03% |
| Total Direct Tax Rate | \$50.10 | \$50.20 | \$50.30 | \$49.06 |

Source: Licking County Auditor

* Reappraisal

** Update

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

Assessed value of Real Property is at 35%, Assessed value of Public Utility is at 100% and Assessed Value of Tangible Personal Property is at 25% through 2005, at 18.75% for 2006, 12.5% for 2007, and 6.25% for 2008 and 0% thereafter. Additionally, telephone and telecommunications property was reclassified to general business personal property and assessed at 10% as of 2009 and 0% thereafter.

Heath City School District

| 2007 | 2008 ** | 2009 | 2010 | 2011 | 2012 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$243,057,770 | \$244,538,400 | \$243,252,830 | \$243,524,570 | \$246,409,720 | \$248,432,630 |
| 694,450,771 | 698,681,143 | 695,008,086 | 695,784,486 | 704,027,771 | 709,807,514 |
| 5,352,300 | 5,906,570 | 5,787,400 | 6,265,120 | 6,342,490 | 6,675,260 |
| 5,352,300 | 5,906,570 | 5,787,400 | 6,265,120 | 6,342,490 | 6,675,260 |
| 23,843,800 | 510,015 | 536,600 | 0 | 0 | 0 |
| 190,750,400 | 8,160,240 | 5,366,000 | 0 | 0 | 0 |
| 272,253,870 | 250,954,985 | 249,576,830 | 249,789,690 | 252,752,210 | 255,107,890 |
| 890,553,471 | 712,747,953 | 706,161,486 | 702,049,606 | 710,370,261 | 716,482,774 |
| 30.57% | 35.21% | 35.34% | 35.58% | 35.58% | 35.61% |
| \$54.60 | \$55.08 | \$55.70 | \$55.62 | \$55.70 | \$53.85 |

Heath City School District

*Property Tax Rates of Direct and Overlapping Governments
(per \$1,000 of assessed value)
Last Ten Calendar Years*

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Direct District Rates | | | | |
| General Fund | 44.50 | 44.50 | 44.50 | 42.76 |
| Bond Retirement Fund | 4.40 | 4.50 | 4.60 | 5.10 |
| Permanent Improvement Fund | 1.20 | 1.20 | 1.20 | 1.20 |
| Total | <u>50.10</u> | <u>50.20</u> | <u>50.30</u> | <u>49.06</u> |
| Overlapping Rates | | | | |
| City of Heath | 5.40 | 5.40 | 5.40 | 5.40 |
| Career and Technical Education Center | 2.80 | 3.00 | 3.00 | 3.00 |
| Licking County | 7.20 | 7.20 | 7.40 | 7.40 |
| Licking County Library | 0.00 | 0.00 | 0.00 | 0.00 |

Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

Source:

Licking County Auditor's Office
Licking County Treasurer's Office

Heath City School District

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 48.40 | 48.81 | 49.30 | 49.31 | 49.30 | 47.60 |
| 5.00 | 5.07 | 5.20 | 5.11 | 5.20 | 5.05 |
| 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| <u>54.60</u> | <u>55.08</u> | <u>55.70</u> | <u>55.62</u> | <u>55.70</u> | <u>53.85</u> |
| 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 5.65 |
| 3.00 | 2.50 | 2.50 | 2.52 | 2.54 | 2.48 |
| 7.40 | 7.10 | 7.40 | 7.70 | 7.70 | 7.70 |
| 0.00 | 0.00 | 0.00 | 1.00 | 1.00 | 1.00 |



Heath City School District

*Principal Taxpayers
Real Estate Tax and Public Utilities Personal Property
Current Year and Nine Years Ago*

| Name of Taxpayer | Nature of Business | Calendar Year 2012 | | |
|---|----------------------------|----------------------|------|---------------------------------|
| | | Assessed Value | Rank | Percent of Total Assessed Value |
| Glimcher Properties Limited Partnership | Development | \$9,933,600 | 1 | 3.89% |
| Southgate Association Limited Partnership | Shopping Center | 5,543,160 | 2 | 2.17% |
| Ohio Power Company | Utility Company - Electric | 5,273,840 | 3 | 2.07% |
| Cross Creek Limited Partnership | Shopping Center | 3,181,370 | 4 | 1.25% |
| Wal*Mart Stores, Inc. | Retail Store | 2,807,670 | 5 | 1.10% |
| Heath-Newark-Licking County Port Authority | Real Estate - Leasing | 2,640,190 | 6 | 1.03% |
| Inland Western Heath Southgate LLC | Shopping Center | 2,571,800 | 7 | 1.01% |
| Kaiser Aluminum and Chemical Corporation | Aluminum Processing | 2,427,780 | 8 | 0.95% |
| H&D Holding Company | Development | 2,332,260 | 9 | 0.91% |
| Glenwood Apartments LLC | Apartments | 2,136,820 | 10 | 0.84% |
| Subtotal | | 38,848,490 | | 15.22% |
| All Others | | 216,259,400 | | 84.78% |
| Total | | <u>\$255,107,890</u> | | <u>100.00%</u> |

| Name of Taxpayer | Nature of Business | Calendar Year 2003 | | |
|---|-----------------------------|----------------------|------|---------------------------------|
| | | Assessed Value | Rank | Percent of Total Assessed Value |
| Glimcher Properties Limited Partnership | Development | \$16,687,060 | 1 | 8.13% |
| Southgate Association Limited Partnership | Shopping Center | 5,388,020 | 2 | 2.62% |
| Cross Creek Limited Partnership | Shopping Center | 3,651,590 | 3 | 1.78% |
| Lowe's | Retail | 3,407,820 | 4 | 1.66% |
| Ohio Power Company | Utility Company - Electric | 3,349,170 | 5 | 1.63% |
| Heathwood Village Ltd Partnership | Apartments | 3,097,820 | 6 | 1.51% |
| Heath-Newark-Licking County Port Authority | Real Estate - Leasing | 2,729,550 | 7 | 1.33% |
| Kaiser Aluminum and Chemical Corporation | Aluminum Processing | 2,628,010 | 8 | 1.28% |
| Alltel Ohio, Inc. | Utility Company - Telephone | 2,244,510 | 9 | 1.09% |
| Wal*Mart Stores, Inc. | Retail Store | 1,715,490 | 10 | 0.84% |
| Subtotal | | 44,899,040 | | 21.87% |
| All Others | | 160,417,040 | | 78.13% |
| Total | | <u>\$205,316,080</u> | | <u>100.00%</u> |

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2012 and 2003

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

Heath City School District

*Property Tax Levies and Collections
Last Ten Years*

| Collection Year | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|---|----------------|----------------|----------------|
| Total Tax Levy | \$9,449,244 | \$9,516,753 | \$9,907,213 |
| Collections within the Fiscal Year of the Levy | | | |
| Current Tax Collections | 8,456,846 | 8,321,361 | 8,655,699 |
| Percent of Levy Collected | 89.50% | 87.44% | 87.37% |
| Delinquent Tax Collections (1) | <u>128,238</u> | <u>327,818</u> | <u>329,014</u> |
| Total Tax Collections | 8,585,084 | 8,649,179 | 8,984,713 |
| Percent of Total Tax Collections To Tax Levy | 90.85% | 90.88% | 90.69% |
| Accumulated Outstanding Delinquent Taxes | 74,160 | 867,574 | 922,501 |
| Percentage of Accumulated Delinquent Taxes to Total Tax Levy | 0.78% | 9.12% | 9.31% |

(1) The County currently cannot provide information on delinquent tax collections by tax year.

Source: Licking County Auditor's Office

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

Heath City School District

| <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| \$10,091,936 | \$9,201,990 | \$9,772,281 | \$9,252,238 | \$9,420,730 | \$9,476,237 | \$9,495,631 |
| 9,008,503 | 8,585,291 | 9,568,886 | 8,929,050 | 8,385,220 | 9,196,764 | 9,149,588 |
| 89.26% | 93.30% | 97.92% | 96.51% | 89.01% | 97.05% | 96.36% |
| <u>658,186</u> | <u>204,378</u> | <u>127,549</u> | <u>204,670</u> | <u>336,522</u> | <u>336,523</u> | <u>96,940</u> |
| 9,666,689 | 8,789,669 | 9,696,435 | 9,133,720 | 8,721,742 | 9,533,287 | 9,246,528 |
| 95.79% | 95.52% | 99.22% | 98.72% | 92.58% | 100.60% | 97.38% |
| 425,247 | 412,320 | 468,915 | 644,070 | 698,988 | 214,485 | 232,431 |
| 4.21% | 4.48% | 4.80% | 6.96% | 7.42% | 2.26% | 2.45% |

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

| | 2004 | 2005 | 2006 | 2007 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities (1) | | | | |
| Long-Term Notes Payable | \$475,000 | \$320,000 | \$294,000 | \$102,000 |
| General Obligation Bonds Payable | 17,016,111 | 16,829,655 | 16,885,008 | 16,448,748 |
| Capital Leases | 228,434 | 185,266 | 139,607 | 91,314 |
| Total Primary Government | <u>\$17,719,545</u> | <u>\$17,334,921</u> | <u>\$17,318,615</u> | <u>\$16,642,062</u> |
| Population (2) | | | | |
| City of Heath | 8,527 | 8,527 | 8,527 | 8,527 |
| Outstanding Debt Per Capita | 2,078 | 2,033 | 2,031 | 1,952 |
| Income (3) | | | | |
| Personal (in thousands) | 239,745 | 249,347 | 260,150 | 274,237 |
| Percentage of Personal Income | 7.39% | 6.95% | 6.66% | 6.07% |

* Restated for Deferred Charge on Refunding

Sources:

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation based on previous calendar year

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | * | |
| \$69,000 | \$35,000 | \$0 | \$0 | \$0 | \$0 |
| 16,041,800 | 15,721,702 | 15,402,557 | 15,120,402 | 15,061,386 | 14,522,171 |
| 40,234 | 215,410 | 169,535 | 120,833 | 69,131 | 64,732 |
| <u>\$16,151,034</u> | <u>\$15,972,112</u> | <u>\$15,572,092</u> | <u>\$15,241,235</u> | <u>\$15,130,517</u> | <u>\$14,586,903</u> |
| 8,527 | 8,544 | 8,507 | 8,527 | 8,527 | 8,527 |
| 1,894 | 1,869 | 1,831 | 1,787 | 1,774 | 1,711 |
| 289,253 | 295,460 | 291,348 | 296,518 | 319,686 | 319,686 |
| 5.58% | 5.41% | 5.34% | 5.14% | 4.73% | 4.56% |

Heath City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

| Year | 2004 | 2005 | 2006 | 2007 |
|---|-------------|-------------|-------------|-------------|
| Population (1) | 8,527 | 8,527 | 8,527 | 8,527 |
| Assessed Value (2) | 242,166,690 | 245,776,650 | 283,723,280 | 266,471,770 |
| General Bonded Debt (3) | | | | |
| General Obligation Bonds | 17,016,111 | 16,829,655 | 16,885,008 | 16,448,748 |
| Resources Available to Pay Principal (4) | 7,437 | 40,155 | 404,467 | 513,213 |
| Net General Bonded Debt | 17,008,674 | 16,789,500 | 16,480,541 | 15,935,535 |
| Ratio of Net Bonded Debt to Assessed Value | 7.02% | 6.83% | 5.81% | 5.98% |
| Net Bonded Debt per Capita | 1,994.68 | 1,968.98 | 1,932.75 | 1,868.83 |

Source:

(1) U.S. Bureau of Census of Population

(2) Licking County Auditor

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

(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 8,527 | 8,544 | 8,507 | 8,527 | 8,527 | 8,527 |
| 272,253,870 | 250,954,985 | 249,576,830 | 249,789,690 | 252,752,210 | 255,107,890 |
| 16,041,800 | 15,721,702 | 15,402,557 | 15,120,402 | 15,061,386 | 14,522,171 |
| 664,539 | 797,551 | 880,415 | 1,031,216 | 1,103,745 | 1,042,575 |
| 15,377,261 | 14,924,151 | 14,522,142 | 14,089,186 | 13,957,641 | 13,479,596 |
| 5.65% | 5.95% | 5.82% | 5.64% | 5.52% | 5.28% |
| 1,803.36 | 1,746.74 | 1,707.08 | 1,652.30 | 1,636.88 | 1,580.81 |



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2013*

| <u>Jurisdiction</u> | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to Heath City School District</u> | <u>Amount Applicable to Heath City School District</u> |
|---------------------------------------|---------------------------------|--|--|
| Direct: | | | |
| Heath City School District | \$13,479,596 | 100.00% | \$13,479,596 |
| Overlapping: | | | |
| City of Heath | 3,225,000 | 94.21% | 3,038,273 |
| Career and Technical Education Center | 4,295,000 | 6.58% | 282,611 |
| Licking County | 13,437,281 | 6.78% | <u>911,048</u> |
| | | Subtotal | <u>4,231,932</u> |
| | | Total | <u><u>\$17,711,528</u></u> |

Source: Licking County and Fiscal Officers of Subdivision

Overlapping percentage was calculated by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Heath City School District

Debt Limitations Last Ten Years

| | 2004 | 2005 | 2006 | 2007 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net Assessed Valuation | \$242,166,690 | \$245,776,650 | \$283,723,280 | \$266,471,770 |
| Legal Debt Limitation (%) ⁽¹⁾ | 9.00% | 9.00% | 9.00% | 9.00% |
| Legal Debt Limitation (\$) ⁽¹⁾ | 21,795,002 | 22,119,899 | 25,535,095 | 23,982,459 |
| Applicable District Debt Outstanding | 17,316,111 | 17,029,655 | 17,119,008 | 16,550,748 |
| Less: Applicable Debt Service Fund Amounts ⁽²⁾ | (7,437) | (40,155) | (404,467) | (513,213) |
| Net Indebtedness Subject to Limitation | <u>17,308,674</u> | <u>16,989,500</u> | <u>16,714,541</u> | <u>16,037,535</u> |
| Overall Legal Debt Margin | <u>\$4,486,328</u> | <u>\$5,130,399</u> | <u>\$8,820,554</u> | <u>\$7,944,924</u> |
| Legal Debt Limitation (%) ⁽¹⁾ | 0.10% | 0.10% | 0.10% | 0.10% |
| Legal Debt Limitation (\$) ⁽¹⁾ | 242,167 | 245,777 | 283,723 | 266,472 |
| Applicable District Debt Outstanding | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Unvoted Legal Debt Margin | <u>\$242,167</u> | <u>\$245,777</u> | <u>\$283,723</u> | <u>\$266,472</u> |
| Legal Debt Limitation (%) ⁽¹⁾ | 0.90% | 0.90% | 0.90% | 0.90% |
| Legal Debt Limitation (\$) ⁽¹⁾ | 2,179,500 | 2,211,990 | 2,553,510 | 2,398,246 |
| Applicable District Debt Outstanding | <u>(175,000)</u> | <u>(120,000)</u> | <u>(60,000)</u> | <u>0</u> |
| Unvoted Energy Conservation Loans Legal Debt Margin | <u>\$2,004,500</u> | <u>\$2,091,990</u> | <u>\$2,493,510</u> | <u>\$2,398,246</u> |

*Restated for Deferred Charge on Refunding

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

(2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | | * | |
| \$272,253,870 | \$250,954,985 | \$249,576,830 | \$249,789,690 | \$252,752,210 | \$255,107,890 |
| 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% |
| 24,502,848 | 22,585,949 | 22,461,915 | 22,481,072 | 22,747,699 | 22,959,710 |
| 16,110,800 | 15,756,702 | 15,402,557 | 15,120,402 | 15,061,386 | 14,522,171 |
| (664,539) | (797,551) | (880,415) | (1,031,216) | (1,103,745) | (1,042,575) |
| 15,446,261 | 14,959,151 | 14,522,142 | 14,089,186 | 13,957,641 | 13,479,596 |
| \$9,056,587 | \$7,626,798 | \$7,939,773 | \$8,391,886 | \$8,790,058 | \$9,480,114 |
| 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% |
| 272,254 | 250,955 | 249,577 | 249,790 | 252,752 | 255,108 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| \$272,254 | \$250,955 | \$249,577 | \$249,790 | \$252,752 | \$255,108 |
| 0.90% | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% |
| 2,450,285 | 2,258,595 | 2,246,191 | 2,248,107 | 2,274,770 | 2,295,971 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| \$2,450,285 | \$2,258,595 | \$2,246,191 | \$2,248,107 | \$2,274,770 | \$2,295,971 |

Heath City School District

Demographic and Economic Statistics Last Ten Years

| Calendar Year | 2003 | 2004 | 2005 | 2006 | 2007 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Population (1) | | | | | |
| City of Heath | 8,527 | 8,527 | 8,527 | 8,527 | 8,527 |
| Licking County | 150,634 | 152,866 | 154,806 | 155,694 | 155,694 |
| Income (2) (a) | | | | | |
| Total Personal (in thousands) | 239,745 | 249,347 | 260,150 | 274,237 | 289,253 |
| Per Capita | 28,116 | 29,242 | 30,509 | 32,161 | 33,922 |
| Unemployment Rate (3) | | | | | |
| Federal | 6.0% | 5.5% | 5.0% | 4.6% | 4.6% |
| State | 6.1% | 6.0% | 5.9% | 5.5% | 5.6% |
| Licking County | 6.0% | 5.9% | 5.8% | 5.1% | 5.2% |
| | | | | | |
| Fiscal Year | 2004 | 2005 | 2006 | 2007 | 2008 |
| School Enrollment (4) | | | | | |
| Grades K - 2 | 377 | 382 | 382 | 358 | 379 |
| Grades 3 - 5 | 377 | 375 | 429 | 434 | 435 |
| Grades 6 - 8 | 410 | 402 | 412 | 418 | 395 |
| Grades 9 - 12 | 424 | 421 | 458 | 484 | 487 |
| JVS | 53 | 63 | 39 | 45 | 47 |
| Total | <u>1,641</u> | <u>1,643</u> | <u>1,720</u> | <u>1,739</u> | <u>1,743</u> |

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County (2012 not available), Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------|--------------|--------------|--------------|--------------|
| 8,544 | 8,507 | 8,527 | 8,527 | 8,527 |
| 156,183 | 158,488 | 166,492 | 166,983 | 167,537 |
| 295,460 | 291,348 | 296,518 | 319,686 | 319,686 |
| 34,581 | 34,248 | 34,774 | 37,491 | 37,491 |
| 5.8% | 9.3% | 9.6% | 8.9% | 8.1% |
| 6.6% | 10.2% | 10.1% | 8.6% | 7.2% |
| 6.1% | 9.3% | 9.5% | 8.0% | 6.5% |
| 2009 | 2010 | 2011 | 2012 | 2013 |
| 382 | 370 | 345 | 325 | 329 |
| 432 | 398 | 384 | 364 | 368 |
| 436 | 416 | 437 | 422 | 426 |
| 472 | 445 | 431 | 430 | 436 |
| 53 | 52 | 55 | 56 | 55 |
| <u>1,775</u> | <u>1,681</u> | <u>1,652</u> | <u>1,597</u> | <u>1,614</u> |



Heath City School District

Principal Employers Current Year and Nine Years Ago

| Employer | Nature of Business | 2012 | |
|--|--------------------|------------------------|------|
| | | Number of Employees | Rank |
| Central Ohio Aerospace & Technology Center | Manufacturing | 867 | 1 |
| Super Wal-Mart Stores | Retail Sales | 433 | 2 |
| Arvin/Meritor | Manufacturing | 362 | 3 |
| Kaiser Aluminum & Chemical Co. | Manufacturing | 319 | 4 |
| Heath City Schools | Education | 304 | 5 |
| Heath Nursing Home | Health Care | 226 | 6 |
| Lowe's Home Center | Retail Sales | 204 | 7 |
| Target Stores | Retail Sales | 202 | 8 |
| John Hinderer Honda | Retail Sales | 189 | 9 |
| Englefield Oil | Petroleum Products | 152 | 10 |
| Total | | 3,258 | |

| Employer | Nature of Business | 2003 | |
|--|--------------------|------------------------|------|
| | | Number of Employees | Rank |
| Central Ohio Aerospace & Technology Center | Manufacturing | 940 | 1 |
| Arvin/Meritor | Manufacturing | 606 | 2 |
| Kaiser Aluminum & Chemical Co. | Manufacturing | 253 | 3 |
| Heath Nursing Home | Health Care | 185 | 4 |
| Wal-Mart Stores | Retail Sales | 178 | 5 |
| Heath City Schools | Education | 166 | 6 |
| Englefield Oil | Petroleum Products | 145 | 7 |
| Kroger | Retail/Grocery | 123 | 8 |
| Lowe's Home Center | Retail Sales | 114 | 9 |
| Sears | Retail Sales | 51 | 10 |
| Total | | 2,761 | |

Sources: City of Heath. Presented on a calendar year basis because that is the manner in which the information is maintained by the City. Information for total City employment is not available.

Heath City School District

School District Employees by Type Last Ten Years

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Supervisory | | | | | |
| Instructional Administrators | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Noninstructional Administrators | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Principals | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Assistant Principals | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Instruction | | | | | |
| Classroom Teachers | 104.00 | 106.00 | 106.00 | 105.00 | 105.00 |
| Student Services | | | | | |
| Guidance Counselors | 3.00 | 3.50 | 3.50 | 3.50 | 3.00 |
| Psychologists | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Librarians | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Support Services | | | | | |
| Clerical/Secretaries | 10.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Tutors/Aides | 6.00 | 6.00 | 6.00 | 6.00 | 2.00 |
| Food Service | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 |
| Maintenance/Grounds | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Transportation | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| <i>Total Employees</i> | <u>173.00</u> | <u>176.50</u> | <u>176.50</u> | <u>175.50</u> | <u>171.00</u> |

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: District Treasurer's Office

Heath City School District

| 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------|---------------|---------------|---------------|---------------|
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 106.00 | 106.00 | 104.00 | 102.00 | 100.00 |
| 3.50 | 3.50 | 3.50 | 2.50 | 1.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 1.00 |
| 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 1.00 |
| 18.00 | 18.00 | 18.00 | 18.00 | 18.00 |
| 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| <u>172.50</u> | <u>172.50</u> | <u>170.50</u> | <u>167.50</u> | <u>162.00</u> |

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

| Fiscal Year | 2004 | 2005 | 2006 | 2007 |
|------------------------|------------|------------|------------|------------|
| Enrollment | 1,641 | 1,643 | 1,720 | 1,739 |
| Modified Accrual Basis | | | | |
| Operating Expenditures | 13,724,098 | 14,975,872 | 15,589,424 | 16,387,129 |
| Cost per Pupil | 8,363 | 9,115 | 9,064 | 9,423 |
| Percentage of Change | (4.3%) | 9.0% | (0.6%) | 4.0% |
| Accrual Basis (1) | | | | |
| Expenses | 12,856,654 | 14,087,070 | 14,743,921 | 15,347,405 |
| Cost per Pupil | 7,835 | 8,574 | 8,572 | 8,825 |
| Percentage of Change | N/A | 9.4% | (0.02%) | 2.96% |
| Teaching Staff | 104 | 106 | 106 | 105 |

(1) Expenses exclude interest and fiscal charges

Source: District Treasurer's Office and Ohio Department of Education

N/A - Not Available

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------|----------------|------------------|-------------------|-----------------|-------------------|
| 1,743 | 1,775 | 1,681 | 1,652 | 1,597 | 1,614 |
| 16,152,925 | 16,991,666 | 17,866,510 | 17,599,205 | 17,436,731 | 17,694,748 |
| 9,267 (1.7%) | 9,573 3.3% | 10,629 11.0% | 10,653 0.2% | 10,918 2.5% | 10,963 0.4% |
| 15,490,046 | 16,241,554 | 17,456,264 | 17,108,447 | 16,713,393 | 16,839,524 |
| 8,887 0.70% | 9,150 2.96% | 10,384 13.49% | 10,356 (0.27%) | 10,465 1.06% | 10,433 (0.31%) |
| 105 | 106 | 106 | 104 | 93 | 94 |

Heath City School District

Operating Indicators by Function Last Ten Years

| | 2004 | 2005 | 2006 | 2007 |
|---|---------|---------|---------|---------|
| Governmental Activities | | | | |
| Pupils | | | | |
| Enrollment | 1,641 | 1,643 | 1,720 | 1,739 |
| Graduates | 102 | 105 | 107 | 110 |
| Percent of Students with Disabilities | 5.9% | 6.1% | 6.6% | 6.8% |
| Board of Education | | | | |
| Regularly scheduled board meetings per year | 12 | 12 | 12 | 12 |
| Administration | | | | |
| School Attendance Rate | 95.60% | 95.50% | 95.90% | 95.90% |
| Fiscal Services | | | | |
| Purchase Orders Processed | 2,528 | 2,328 | 2,305 | 2,161 |
| Checks Issued (non payroll) | 2,523 | 2,512 | 2,591 | 2,330 |
| Operation and Maintenance of Plant | | | | |
| District Square Footage Maintained | 288,868 | 288,868 | 291,068 | 291,068 |
| District Square Miles Maintained | 11.2 | 11.2 | 11.2 | 11.2 |
| Pupil Transportation | | | | |
| Average Daily Students Transported | 1,254 | 1,140 | 1,147 | 1,147 |
| Average Daily Bus Fleet Miles | 847 | 887 | 898 | 898 |
| Number of Buses | 16 | 16 | 16 | 16 |
| Operation of Noninstructional Services | | | | |
| Food Service Operations | | | | |
| Students Meals Served Annually | 82,195 | 85,071 | 92,164 | 93,174 |
| Percent of Free/Reduced Price Meals | 19% | 22% | 23% | 24% |
| Extracurricular Activities | | | | |
| High School Varsity Teams | 14 | 14 | 17 | 17 |

Source: District Treasurer's Office

N/A - Not Available

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------|---------|---------|---------|---------|---------|
| 1,743 | 1,775 | 1,681 | 1,652 | 1,597 | 1,614 |
| 105 | 113 | 110 | 122 | 116 | 112 |
| 6.7% | 6.3% | 6.5% | 6.7% | 7.0% | 7.1% |
| 12 | 12 | 12 | 12 | 12 | 12 |
| 95.10% | 96.10% | 94.70% | 95.40% | 96.40% | 96.20% |
| 2,054 | 2,149 | 2,067 | 2,114 | 2,116 | 2,355 |
| 2,269 | 2,316 | 1,583 | 2,266 | 2,242 | 2,385 |
| 291,068 | 291,068 | 291,068 | 291,068 | 291,068 | 291,068 |
| 11.2 | 11.2 | 11.2 | 11.2 | 11.2 | 11.2 |
| 1,147 | 1,189 | 1,188 | 1,195 | 1,162 | 1,169 |
| 898 | 901 | 901 | 901 | 901 | 899 |
| 16 | 16 | 16 | 16 | 16 | 16 |
| 155,431 | 156,800 | 156,982 | 146,579 | 145,932 | 142,972 |
| 33% | 39% | 40% | 41% | 46% | 47% |
| 17 | 17 | 17 | 17 | 17 | 17 |

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

| Fiscal Year | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------------------|--------|--------|--------|--------|--------|
| Minimum Salary (1) | 29,244 | 30,194 | 31,175 | 31,175 | 31,175 |
| Maximum Salary (1) | 64,337 | 66,428 | 68,585 | 68,585 | 68,585 |
| District Average Salary | 44,175 | 45,742 | 47,058 | 49,985 | 50,768 |
| County Average Salary | 44,590 | 45,638 | 46,289 | 47,110 | 49,633 |
| State Average Salary | 47,495 | 49,438 | 50,772 | 53,536 | 53,410 |

Source: District Treasurer's Office and Ohio Department of Education

Operating Indicators - Teacher by Education Last Ten Years

| Fiscal Year | 2004 | 2005 | 2006 | 2007 | 2008 |
|----------------------|------|------|------|------|------|
| Bachelor's Degree | 13 | 14 | 11 | 10 | 10 |
| Bachelor + 15 | 26 | 23 | 25 | 25 | 17 |
| Master's Degree | 48 | 50 | 50 | 49 | 53 |
| Master's Degree + 15 | 10 | 10 | 11 | 12 | 12 |
| Master's Degree + 30 | 7 | 9 | 9 | 9 | 13 |
| Total | 104 | 106 | 106 | 105 | 105 |

(1) In 2008, there was a freeze on salaries.

Source: District Treasurer's Office

Heath City School District

| 2009 | 2010 | 2011 | 2012 | 2013 |
|--------|--------|--------|--------|--------|
| 32,213 | 33,286 | 33,286 | 33,286 | 33,286 |
| 69,258 | 71,565 | 71,565 | 71,565 | 71,565 |
| 51,571 | 54,130 | 54,823 | 54,334 | 54,057 |
| 49,961 | 51,707 | 51,585 | 51,585 | 51,214 |
| 54,656 | 55,958 | 56,715 | 56,715 | 56,307 |

| 2009 | 2010 | 2011 | 2012 | 2013 |
|------|------|------|------|------|
| 9 | 9 | 7 | 6 | 6 |
| 18 | 16 | 16 | 9 | 9 |
| 54 | 56 | 56 | 57 | 56 |
| 12 | 12 | 12 | 9 | 9 |
| 13 | 13 | 13 | 12 | 12 |
| 106 | 106 | 104 | 93 | 92 |

Heath City School District

Capital Asset Statistics by Building Last Ten Years

| | 2004 | 2005 | 2006 | 2007 |
|---------------------------------|---------|---------|---------|---------|
| Secondary | | | | |
| Heath High School | | | | |
| Square Footage | 124,740 | 124,740 | 124,740 | 124,740 |
| Capacity (students) | 600 | 600 | 600 | 600 |
| Enrollment | 477 | 484 | 497 | 484 |
| Middle | | | | |
| Heath Middle School | | | | |
| Square Footage | 67,197 | 67,197 | 67,197 | 67,197 |
| Capacity (students) | 450 | 450 | 450 | 450 |
| Enrollment | 410 | 402 | 412 | 418 |
| Elementary | | | | |
| Stevenson Elementary School | | | | |
| Square Footage | 39,619 | 39,619 | 42,337 | 44,437 |
| Capacity (students) | 450 | 450 | 450 | 450 |
| Enrollment | 377 | 375 | 429 | 434 |
| Garfield Elementary School | | | | |
| Square Footage | 44,112 | 44,112 | 44,112 | 44,112 |
| Capacity (students) | 420 | 420 | 450 | 450 |
| Enrollment | 377 | 382 | 382 | 358 |
| All Other | | | | |
| Central Administration Building | | | | |
| Square Footage | 2,400 | 2,400 | 2,400 | 2,400 |
| Capacity | 14 | 14 | 14 | 14 |
| Staff | 14 | 14 | 14 | 14 |
| Bus Garage | | | | |
| Square Footage | 10,800 | 10,800 | 10,800 | 10,800 |
| Capacity (Buses) | 16 | 16 | 16 | 16 |

Source: District Treasurer's Office

Heath City School District

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------|---------|---------|---------|---------|---------|
| 124,740 | 124,740 | 124,740 | 124,740 | 124,740 | 124,740 |
| 600 | 600 | 600 | 600 | 600 | 600 |
| 534 | 525 | 497 | 486 | 497 | 497 |
| 67,197 | 67,197 | 67,197 | 67,197 | 67,197 | 67,197 |
| 450 | 450 | 450 | 450 | 450 | 450 |
| 395 | 436 | 416 | 437 | 416 | 416 |
| 44,437 | 44,437 | 44,437 | 44,437 | 44,437 | 44,437 |
| 450 | 450 | 450 | 450 | 450 | 450 |
| 435 | 432 | 398 | 384 | 398 | 398 |
| 44,112 | 44,112 | 44,112 | 44,112 | 44,112 | 44,112 |
| 450 | 450 | 450 | 450 | 450 | 450 |
| 379 | 382 | 370 | 345 | 370 | 370 |
| 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| 14 | 14 | 14 | 14 | 14 | 14 |
| 13 | 13 | 13 | 13 | 13 | 13 |
| 10,800 | 10,800 | 10,800 | 10,800 | 10,800 | 10,800 |
| 16 | 16 | 16 | 16 | 16 | 16 |

Heath City School District

Educational and Operating Statistics Last Ten Years

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|-----------------------------------|---------|---------|---------|---------|---------|
| ACT Scores (Average) | | | | | |
| Heath | 21.0 | 22.0 | 21.3 | N/A | 21.7 |
| Ohio | 21.4 | 21.4 | 21.5 | 21.6 | 21.6 |
| National | 20.9 | 20.9 | 21.1 | 21.2 | 21.2 |
| Cost per Student (ODE) (1) | | | | | |
| Heath | 6,997 | 7,318 | 8,107 | 8,138 | 8,260 |
| Ohio (Average) | 8,761 | 9,051 | 9,355 | 9,586 | 9,939 |
| Cost to Educate a Graduate | | | | | |
| Heath | 109,183 | 113,075 | 116,263 | 137,140 | 152,020 |
| Ohio (Average) | 84,129 | 88,133 | 89,779 | 99,365 | 109,945 |
| Attendance Rate | | | | | |
| Heath | 95.60% | 95.50% | 95.90% | 95.40% | 95.10% |
| Ohio (Average) | 95.30% | 95.20% | 94.10% | 94.10% | 94.20% |
| Graduation Rate | | | | | |
| Heath | 91.00% | 96.50% | 96.20% | 90.10% | 99.10% |
| Ohio (Average) | 84.30% | 85.90% | 86.20% | 86.10% | 86.20% |

Source:

District's Student Records and Ohio Department of Education

(1) ODE calculation is not based on GAAP financial reports

Heath City School District

| 2009 | 2010 | 2011 | 2012 | 2013 |
|---------|---------|---------|---------|---------|
| 21.8 | 22.0 | 21.9 | 21.8 | 21.7 |
| 21.7 | 21.7 | 21.7 | 21.6 | 21.7 |
| 21.3 | 21.3 | 21.3 | 21.3 | 21.3 |
| 8,060 | 10,480 | 10,677 | 9,136 | 10,961 |
| 10,184 | 10,335 | 10,538 | 10,571 | 10,575 |
| 141,383 | 160,154 | 157,488 | 156,258 | 156,852 |
| 110,543 | 112,969 | 114,346 | 114,966 | 115,346 |
| 95.20% | 94.70% | 95.40% | 95.60% | 96.10% |
| 94.30% | 94.30% | 94.40% | 94.20% | 94.30% |
| 93.70% | 99.30% | 96.50% | 95.80% | 95.90% |
| 84.60% | 83.00% | 83.30% | 83.80% | 83.70% |

