

HEATH CITY SCHOOL DISTRICT

Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

HEATH CITY SCHOOL DISTRICT

Heath, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2014**

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 4, 2014

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, 2014 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 1,641 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, 2014***

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 2014, 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. In 2014-15 we brought in 140 open enrollment students.

Future: During the 2014-2015 school year administrators and teachers work to increase curriculum alignment and teacher quality through high quality professional development. Administrators have identified that knowledge of standards and the use of data are a focus for this school year, and will help to strengthen the academic foundation of the school system for the future. The 2013-14 school year saw improvements made on the district report card, and a focus on those improvements will continue into the coming years.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2014

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 was 2013-2014 school year. Student growth measures, which indicate the amount of improvement students demonstrate on a variety of assessments are 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 85% achievement on state tests.
- Strive to reach above expected growth in grades 4-8 on value-added measures.
- Increase advanced placements and honors classes.
- Continue to expand technical preparatory opportunities.
- 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.

HEATH CITY SCHOOL DISTRICT

*Letter of Transmittal
For the Fiscal Year Ended June 30, 2014*

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, 2014*

OTHER INFORMATION

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

AWARDS -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2013. We believe this, our fourteenth 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.

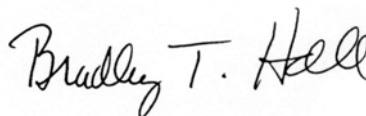
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution 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, 2014

Members of the Board of Education

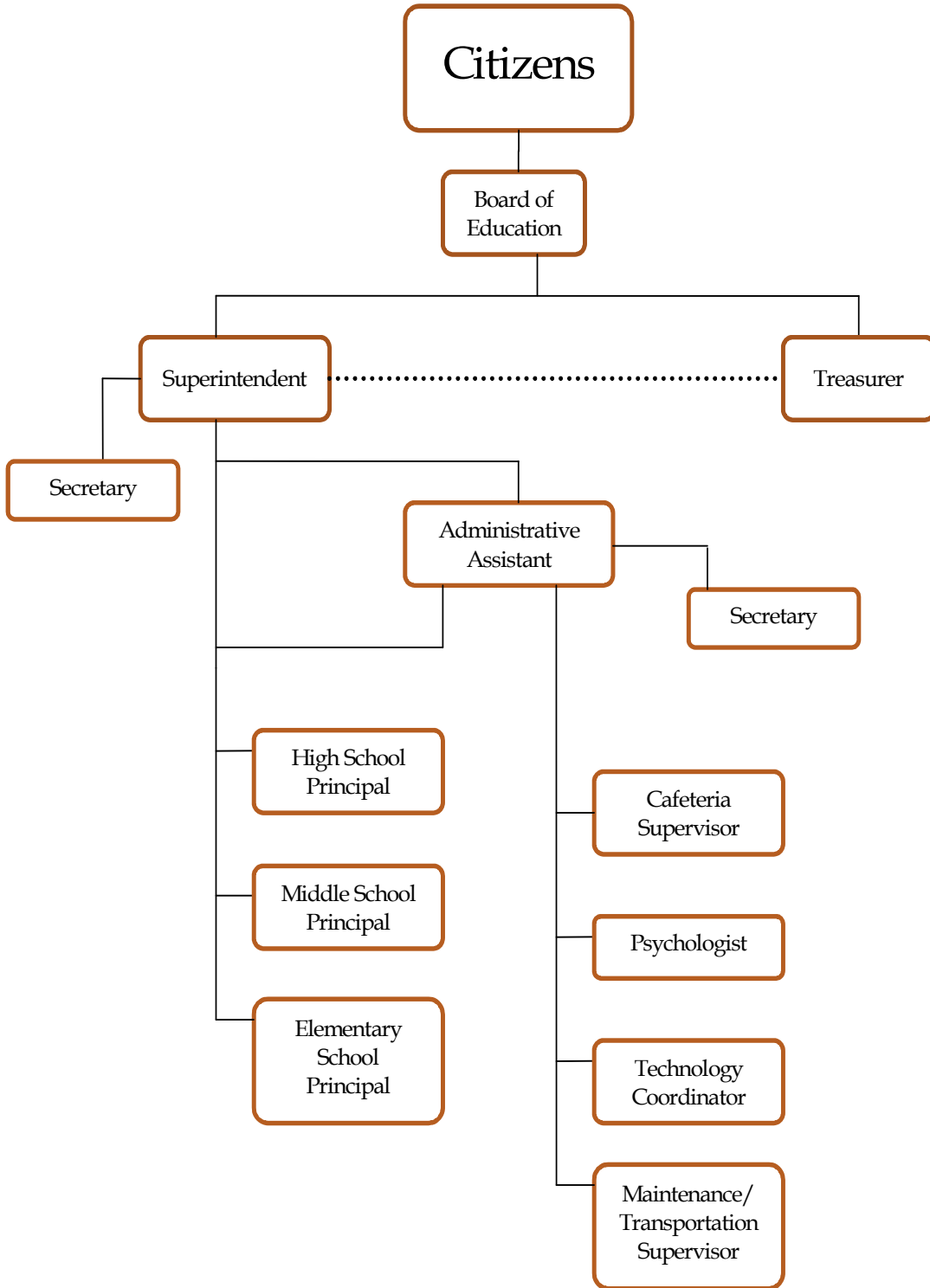
<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Ms. Debbie Kelley	President	6
Mr. Brad Beck	Vice president	2
Mr. Sam Smith	Member	0
Ms. Jennifer McDonald	Member	0
Ms. Barbara Meckley	Member	6

Administration

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>	
		<u>Position</u>	<u>Total</u>
Mr. Trevor Thomas	Superintendent	1	12
Mr. Bradley T. Hall	Treasurer	18.5	34
Ms. Kelly Holbrook	Assistant Superintendent	1	16

HEATH CITY SCHOOL DISTRICT

Organizational Chart
For the Fiscal Year Ended June 30, 2014



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

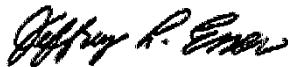
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Heath City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

FINANCIAL SECTION





Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Heath City School District
Licking County
107 Lancaster Drive
Heath, Ohio 43147

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, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Heath City School 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 Heath City School 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 Heath City School 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 the Heath City School District, Licking County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Board of Education
Heath City School District

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 Heath City School 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 the 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 4, 2014, on our consideration of the Heath City School 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 Heath City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 4, 2014

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014*

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, 2014. 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 2014 are as follows:

- ❑ In total, net position increased \$661,569, which represents a 62.7% increase from 2013.
- ❑ General revenues accounted for \$16,146,784 in revenue or 89.0% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$1,991,550 or 11.0% of total revenues of \$18,138,334.
- ❑ The District had \$17,476,765 in expenses related to governmental activities; only \$1,991,550 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$15,409,487 in revenues and \$14,513,801 in expenditures. The general fund's fund balance increased from \$189,119 to \$1,289,791.

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, 2014*

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, 2014**

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 2014 compared to 2013:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Current and other assets	\$14,796,660	\$12,599,896	\$2,196,764
Capital assets, Net	13,590,181	14,145,211	(555,030)
Total assets	<u>28,386,841</u>	<u>26,745,107</u>	<u>1,641,734</u>
Deferred outflows of resources	<u>0</u>	<u>117,870</u>	<u>(117,870)</u>
Long-term debt outstanding	15,240,955	15,771,543	(530,588)
Other liabilities	<u>1,473,783</u>	<u>1,563,687</u>	<u>(89,904)</u>
Total liabilities	<u>16,714,738</u>	<u>17,335,230</u>	<u>(620,492)</u>
Deferred inflows of resources	<u>9,954,653</u>	<u>8,471,866</u>	<u>1,482,787</u>
Net position:			
Net Investment in capital assets	1,007,118	1,569,237	(562,119)
Restricted	1,856,159	1,830,005	26,154
Unrestricted	<u>(1,145,827)</u>	<u>(2,343,361)</u>	<u>1,197,534</u>
Total net position	<u><u>\$1,717,450</u></u>	<u><u>\$1,055,881</u></u>	<u><u>\$661,569</u></u>

At year-end for governmental activities, capital assets represented 48% 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, 2014 was \$1,007,118. 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, \$1,856,159, 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, 2014**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal years 2014 and 2013:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$965,003	\$520,785	\$444,218
Operating Grants and Contributions	1,026,547	895,828	130,719
Total Program Revenues	<u>1,991,550</u>	<u>1,416,613</u>	<u>574,937</u>
General Revenues:			
Property Taxes	9,212,848	7,896,729	1,316,119
Grants and Entitlements	6,383,632	6,145,307	238,325
Other	550,304	551,690	(1,386)
Total General Revenues	<u>16,146,784</u>	<u>14,593,726</u>	<u>1,553,058</u>
Total Revenues	<u>18,138,334</u>	<u>16,010,339</u>	<u>2,127,995</u>
Program Expenses			
Instruction	10,096,148	10,304,880	(208,732)
Support Services:			
Pupils	621,994	632,193	(10,199)
Instructional Staff	264,908	318,009	(53,101)
Board of Education	80,043	79,588	455
Administration	1,518,459	1,468,112	50,347
Fiscal Services	528,591	506,287	22,304
Business	14,330	29,284	(14,954)
Operation and Maintenance of Plant	1,330,607	1,351,000	(20,393)
Pupil Transportation	637,015	654,334	(17,319)
Central	308,948	275,932	33,016
Operation of Non-Instructional Services:			
Community Services	4,410	1,776	2,634
Food Service Operations	567,567	616,807	(49,240)
Shared Services	17,994	0	17,994
Extracurricular Activities	593,994	601,322	(7,328)
Interest and Fiscal Charges	891,757	1,117,528	(225,771)
Total Expenses	<u>17,476,765</u>	<u>17,957,052</u>	<u>(480,287)</u>
Change in Net Position	661,569	(1,946,713)	2,608,282
Beginning Net Position	<u>1,055,881</u>	<u>3,002,594</u>	<u>(1,946,713)</u>
Ending Net Position	<u>\$1,717,450</u>	<u>\$1,055,881</u>	<u>\$661,569</u>

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

Unaudited

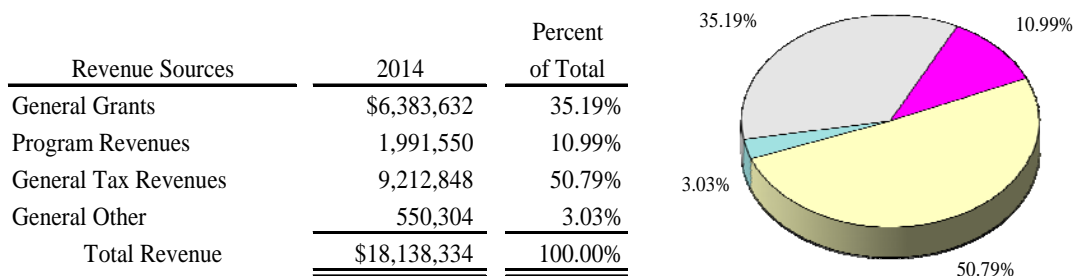
Governmental Activities

Net position of the District's governmental activities increased by \$661,569. Total governmental expenses of \$17,476,765 were offset by program revenues of \$1,991,550 and general revenues of \$16,146,784. Program revenues supported 11.4% of the total governmental expenses. The primary reason for the increase in net position is that the District received additional property taxes through a voter approved 7.9 mill emergency levy.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$15,596,480 and represent 96.6% 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 51% of revenues for governmental activities for Heath City Schools in fiscal year 2014. 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 \$3,104,485, which is higher than last year's total of \$1,974,925. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2014 and 2013.

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Increase (Decrease)
General	\$1,289,761	\$189,119	\$1,100,642
Bond Retirement	1,049,893	1,042,575	7,318
Other Governmental	764,831	743,231	21,600
Total	\$3,104,485	\$1,974,925	\$1,129,560

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

Unaudited

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

	2014 Revenues	2013 Revenues	Increase (Decrease)
Taxes	\$7,879,354	\$6,779,719	\$1,099,635
Tuition	535,675	78,449	457,226
Investment Earnings	1,444	3,571	(2,127)
Class Materials and Fees	64,719	76,887	(12,168)
Intergovernmental - State	6,371,400	5,772,596	598,804
All Other Revenue	556,895	524,691	32,204
Total	\$15,409,487	\$13,235,913	\$2,173,574

General Fund revenues in 2014 increased approximately 16.4% compared to revenues in fiscal year 2013. The increase in tax revenue is the result of a new emergency levy which passed in November. Intergovernmental – State increased due to changes in the State's Foundation funding provisions. The increase in tuition is due to a District policy change to allow open enrollment.

	2014 Expenditures	2013 Expenditures	Increase (Decrease)
Instruction	\$9,019,310	\$9,224,212	(\$204,902)
Supporting Services:			
Pupils	596,567	609,970	(13,403)
Instructional Staff	183,267	236,210	(52,943)
Board of Education	80,043	79,588	455
Administration	1,334,865	1,372,454	(37,589)
Fiscal Services	516,901	479,499	37,402
Business	14,330	29,284	(14,954)
Operation and Maintenance of Plant	1,253,864	1,208,877	44,987
Pupil Transportation	584,559	613,996	(29,437)
Central	301,025	267,041	33,984
Operation of Non-Instructional Services:			
Food Service Operations	3,574	11,831	(8,257)
Shared Services	17,994	0	17,994
Extracurricular Activities	304,576	325,728	(21,152)
Capital Outlay	274,419	146,486	127,933
Debt Service:			
Principal Retirement	13,699	78,849	(65,150)
Interest and Fiscal Charges	14,808	6,144	8,664
Total	\$14,513,801	\$14,690,169	(\$176,368)

The expenditures decreased by \$176,368 or 1.2% compared to the prior year. The overall decrease is due to a decrease in health insurance expenses as a result of switching to a self-insured program. This decrease was somewhat offset by the increase in Capital Outlay for the purchase of three busses.

Bond Retirement Fund – This fund has remained consistent compared to the prior year with an increase of \$7,318.

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014*

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 2014 the District amended its General Fund budget, the increase of \$1.1 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 \$15.2 million increased by \$1.3 million compared to the original budget estimates mostly as a result of issuing \$1,000,000 of tax anticipation notes. Actual revenues did not significantly differ from budgeted revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2014, the District had \$13,590,181 net of accumulated depreciation invested in land, buildings, equipment, and vehicles. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	\$438,952	\$438,952	\$0
Land Improvements	2,161,359	2,151,716	9,643
Buildings and Improvements	21,792,147	21,792,147	0
Machinery and Equipment	1,415,180	1,409,519	5,661
Vehicles	939,537	949,070	(9,533)
Less: Accumulated Depreciation	(13,156,994)	(12,596,193)	(560,801)
Totals	\$13,590,181	\$14,145,211	(\$555,030)

The district replaced 3 schools busses and disposed of several older busses during fiscal year 2014. Additional information on the District's capital assets can be found in Note 8.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

Unaudited

Debt

At June 30, 2014, the District had \$15.2 million in general obligation bonds, capital leases and compensated absences outstanding, \$1,155,014 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2014 and 2013:

	2014	2013
Governmental Activities:		
General Obligation Bonds Payable	\$13,902,047	\$14,522,171
Capital Leases Payable	301,989	64,732
Compensated Absences	1,036,919	1,184,640
Totals	<u>\$15,240,955</u>	<u>\$15,771,543</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, 2014, 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, 2014**

	<u>Governmental Activities</u>
Assets:	
Cash and Cash Equivalents	\$ 2,606,408
Investments	1,306,411
Receivables:	
Taxes	10,698,555
Intergovernmental	81,392
Interest	1,419
Inventory	19,628
Prepaid Items	46,419
Restricted Assets:	
Cash and Cash Equivalents	36,428
Capital Assets:	
Nondepreciable Capital Assets	438,952
Depreciable Capital Assets, Net	<u>13,151,229</u>
Total Capital Assets, Net	<u>13,590,181</u>
Total Assets	<u>28,386,841</u>
Liabilities:	
Accounts Payable	40,379
Accrued Wages and Benefits	887,192
Intergovernmental Payable	271,181
Claims Payable	222,200
Early Retirement Incentive Payable	14,049
Accrued Interest Payable	38,782
Long Term Liabilities:	
Due Within One Year	1,155,014
Due in More Than One Year	<u>14,085,941</u>
Total Liabilities	<u>16,714,738</u>
Deferred Inflows of Resources:	
Property Taxes	<u>9,954,653</u>
Net Position:	
Net Investment in Capital Assets	1,007,118
Restricted For:	
Capital Projects	653,740
Debt Service	1,038,847
Statutory Purposes	108,722
Federal and State Grant Programs	54,850
Unrestricted (Deficit)	<u>(1,145,827)</u>
Total Net Position	<u>\$ 1,717,450</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2014

		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	\$ 10,096,148	\$ 600,894	\$ 534,262	\$ (8,960,992)
Support Services:				
Pupils	621,994	43,788	0	(578,206)
Instructional Staff	264,908	0	57,842	(207,066)
Board of Education	80,043	0	0	(80,043)
Administration	1,518,459	0	134,413	(1,384,046)
Fiscal Services	528,591	0	206	(528,385)
Business	14,330	0	0	(14,330)
Operation and Maintenance of Plant	1,330,607	0	0	(1,330,607)
Pupil Transportation	637,015	0	0	(637,015)
Central	308,948	0	7,200	(301,748)
Operation of Non-Instructional Services:				
Community Services	4,410	0	4,939	529
Food Service Operations	567,567	186,257	287,685	(93,625)
Shared Services	17,994	0	0	(17,994)
Extracurricular Activities	593,994	134,064	0	(459,930)
Interest and Fiscal Charges	891,757	0	0	(891,757)
Total Governmental Activities	\$ 17,476,765	\$ 965,003	\$ 1,026,547	(15,485,215)

General Revenues

Property Taxes Levied for:	
General Purposes	7,854,925
Debt Service	1,171,836
Capital Outlay	186,087
Grants and Entitlements not Restricted to Specific Programs	6,383,632
Investment Earnings	6,886
Miscellaneous	543,418
Total General Revenues	16,146,784
Change in Net Position	661,569
Net Position Beginning of Year	1,055,881
Net Position End of Year	\$ 1,717,450

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2014

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 672,600	\$ 991,163	\$ 708,443	\$ 2,372,206
Investments	1,306,411	0	0	1,306,411
Receivables:				
Taxes	9,137,733	1,361,219	199,603	10,698,555
Intergovernmental	0	0	81,392	81,392
Interest	1,419	0	0	1,419
Inventory	0	0	19,628	19,628
Prepaid Items	2,463	0	43,956	46,419
Restricted Assets:				
Cash and Cash Equivalents	36,428	0	0	36,428
Total Assets	\$ 11,157,054	\$ 2,352,382	\$ 1,053,022	\$ 14,562,458
Liabilities:				
Accounts Payable	\$ 30,971	\$ 0	\$ 9,408	\$ 40,379
Accrued Wages and Benefits	818,377	0	68,815	887,192
Intergovernmental Payable	254,821	0	16,360	271,181
Early Retirement Incentive Payable	14,049	0	0	14,049
Compensated Absences Payable	48,044	0	0	48,044
Total Liabilities	1,166,262	0	94,583	1,260,845
Deferred Inflows of Resources:				
Property Taxes	8,494,172	1,274,753	185,728	9,954,653
Unavailable Revenue	206,859	27,736	7,880	242,475
Total Deferred Inflows of Resources	8,701,031	1,302,489	193,608	10,197,128
Fund Balances:				
Nonspendable	2,463	0	63,584	66,047
Restricted	36,428	1,049,893	729,206	1,815,527
Assigned	717,659	0	0	717,659
Unassigned	533,211	0	(27,959)	505,252
Total Fund Balances	1,289,761	1,049,893	764,831	3,104,485
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,157,054	\$ 2,352,382	\$ 1,053,022	\$ 14,562,458

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, 2014

Total Governmental Fund Balances \$ 3,104,485

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 13,590,181

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 242,475

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	(11,606,544)	
Issuance Premium (to be amortized over life of debt)	(674,530)	
Interest Accretion (to be amortized as interest expense)	(1,620,973)	
Capital Leases Payable	(301,989)	
Compensated Absences Payable	(988,875)	
Accrued Interest Payable	<u>(38,782)</u>	(15,231,693)

The internal service fund is used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.

12,002

Net Position of Governmental Activities

\$ 1,717,450

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, 2014

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 7,879,354	\$ 1,183,386	\$ 187,973	\$ 9,250,713
Tuition	535,675	0	0	535,675
Food Services	0	0	186,257	186,257
Investment Earnings	1,444	0	4,972	6,416
Extracurricular Activities	0	0	134,064	134,064
Class Materials and Fees	64,719	0	0	64,719
Intergovernmental - State	6,371,400	220,863	55,413	6,647,676
Intergovernmental - Federal	0	0	879,254	879,254
All Other Revenue	556,895	0	26,811	583,706
Total Revenues	15,409,487	1,404,249	1,474,744	18,288,480
Expenditures:				
Current:				
Instruction	9,019,310	0	652,290	9,671,600
Supporting Services:				
Pupils	596,567	0	1,412	597,979
Instructional Staff	183,267	0	60,484	243,751
Board of Education	80,043	0	0	80,043
Administration	1,334,865	0	125,080	1,459,945
Fiscal Services	516,901	16,964	2,960	536,825
Business	14,330	0	0	14,330
Operation and Maintenance of Plant	1,253,864	0	0	1,253,864
Pupil Transportation	584,559	0	0	584,559
Central	301,025	0	7,200	308,225
Operation of Non-Instructional Services:				
Community Services	0	0	4,410	4,410
Food Service Operations	3,574	0	528,121	531,695
Shared Services	17,994	0	0	17,994
Extracurricular Activities	304,576	0	122,100	426,676
Capital Outlay	274,419	0	0	274,419
Debt Service:				
Principal Retirement	13,699	910,000	0	923,699
Interest and Fiscal Charges	14,808	469,967	0	484,775
Total Expenditures	14,513,801	1,396,931	1,504,057	17,414,789
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	895,686	7,318	(29,313)	873,691

HEATH CITY SCHOOL DISTRICT

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Other Financing Sources - Capital Lease	250,956	0	0	250,956
Sale of Capital Assets	4,000	0	0	4,000
Transfers In	0	0	50,000	50,000
Transfers Out	(50,000)	0	0	(50,000)
Total Other Financing Sources (Uses)	204,956	0	50,000	254,956
Net Change in Fund Balances	1,100,642	7,318	20,687	1,128,647
Fund Balances at Beginning of Year	189,119	1,042,575	743,231	1,974,925
Increase in Inventory	0	0	913	913
Fund Balances End of Year	\$ 1,289,761	\$ 1,049,893	\$ 764,831	\$ 3,104,485

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT



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, 2014***

Net Change in Fund Balances - Total Governmental Funds		\$ 1,128,647
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(555,030)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(154,383)
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.		672,743
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	(36,341)	
Interest Accretion	(358,819)	
Amortization of Deferred Loss on Refunding	(117,870)	
Amortization of Premium on Bond Issuance	68,943	
Change in Inventory	913	(443,174)
The internal service fund, which is used by management to charge the costs of services to individual funds, is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		12,002
<i>Change in Net Position of Governmental Activities</i>		\$ 661,569

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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 6,869,000	\$ 6,667,855	\$ 6,651,401	\$ (16,454)
Tuition	562,400	535,980	535,675	(305)
Investment Earnings	3,500	1,800	1,674	(126)
Class Material and Fees	3,700	3,700	3,657	(43)
Intergovernmental - State	6,107,225	6,371,675	6,371,400	(275)
All Other Revenues	404,275	660,196	473,889	(186,307)
Total Revenues	13,950,100	14,241,206	14,037,696	(203,510)
Expenditures:				
Current:				
Instruction	9,011,182	9,477,527	9,218,246	259,281
Support Services:				
Pupils	542,870	546,675	521,222	25,453
Instructional Staff	206,870	202,130	184,726	17,404
Board of Education	104,616	93,931	77,882	16,049
Administration	1,413,670	1,559,283	1,462,983	96,300
Fiscal Services	533,648	683,430	496,994	186,436
Business	42,257	23,339	14,442	8,897
Operation and Maintenance of Plant	1,509,935	1,451,959	1,308,937	143,022
Pupil Transportation	539,759	642,995	608,264	34,731
Central	86,000	385,707	298,839	86,868
Non-Instructional Services:				
Food Services	3,500	3,700	3,579	121
Shared Services	0	19,000	17,994	1,006
Extracurricular Activities	335,130	310,893	304,790	6,103
Capital Outlay	24,184	28,784	28,010	774
Total Expenditures	14,353,621	15,429,353	14,546,908	882,445
Excess (Deficiency) of Revenues Over (Under) Expenditures	(403,521)	(1,188,147)	(509,212)	678,935

HEATH CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	4,000	4,000	0
Tax Anticipation Notes Issued	0	1,000,000	1,000,000	0
Transfers Out	0	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	0	954,000	954,000	0
Net Change in Fund Balance	(403,521)	(234,147)	444,788	678,935
Fund Balance at Beginning of Year	1,182,041	1,182,041	1,182,041	0
Prior Year Encumbrances	164,105	164,105	164,105	0
Fund Balance at End of Year	\$ 942,625	\$ 1,111,999	\$ 1,790,934	\$ 678,935

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Net Position Proprietary Fund June 30, 2014

	Governmental Activities - Internal Service Funds
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 234,202
Total Assets	<u>234,202</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>222,200</u>
Total Liabilities	<u>222,200</u>
Net Position:	
Unrestricted	<u>12,002</u>
Total Net Position	<u>\$ 12,002</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

***Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2014***

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Interfund Charges	\$ 1,872,723
Total Operating Revenues	<u>1,872,723</u>
Operating Expenses:	
Claims	<u>1,860,958</u>
Total Operating Expenses	<u>1,860,958</u>
Operating Income (Loss)	11,765
Nonoperating Revenue (Expenses):	
Investment Earnings	<u>237</u>
Total Nonoperating Revenues (Expenses)	<u>237</u>
Change in Net Position	12,002
Net Position Beginning of Year	<u>0</u>
Net Position End of Year	<u>\$ 12,002</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2014

	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$ 1,872,723
Cash Payments for Claims	(1,638,758)
Net Cash Provided for Operating Activities	<u>233,965</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	<u>237</u>
Net Cash Provided by Investing Activities	<u>237</u>
Net Increase in Cash and Cash Equivalents	234,202
Cash and Cash Equivalents at Beginning of Year	<u>0</u>
Cash and Cash Equivalents at End of Year	<u><u>\$234,202</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided for Operating Activities:</u>	
Operating Income	\$11,765
Adjustments to Reconcile Operating Income to Net Cash Provided for Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>222,200</u>
Total Adjustments	<u>222,200</u>
Net Cash Provided for Operating Activities	<u><u>\$ 233,965</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

*Statement of Net Position
Fiduciary Funds
June 30, 2014*

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 1,710	\$ 44,122
Total Assets	<u>1,710</u>	<u>44,122</u>
Liabilities:		
Due to Others	0	2,181
Due to Students	0	41,941
Total Liabilities	<u>0</u>	<u>44,122</u>
Net Position:		
Unrestricted	1,710	0
Total Net Position	<u>\$ 1,710</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, 2014**

	Private Purpose Trust
	Special Trust Fund
Additions:	
Interest	\$ 7
Total Additions	<u>7</u>
Deductions:	
Community Gifts, Awards and Scholarships	100
Total Deductions	<u>100</u>
Change in Net Position	(93)
Net Position at Beginning of Year	<u>1,803</u>
Net Position End of Year	<u><u>\$ 1,710</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, 2014

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 115 certified teaching personnel and administrative employees providing education to 1,641 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus*" 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 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 Educational Service Center of Central Ohio 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, 2014

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.

Proprietary Funds - The District classifies funds financed primarily from user charges for goods or services as proprietary. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund accounts for a self-insurance program which provides insurance benefits to employees.

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 funds account for various student-managed activity programs and tournament money for the Ohio High School Athletic Association. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Internal service fund activity is eliminated to avoid “doubling up” services.

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.

All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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, current deferred outflows, and current liabilities, and current deferred inflows, 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. The agency fund does not report a measurement focus as it does not report operations.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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.

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.

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, 2014

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 2014.

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, 2014***

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:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	\$1,100,642
Increase (Decrease):	
Accrued Revenues	
at June 30, 2014,	
received during FY 2015	(438,121)
Accrued Revenues	
at June 30, 2013,	
received during FY 2014	264,975
Accrued Expenditures	
at June 30, 2014,	
paid during FY 2015	1,166,262
Accrued Expenditures	
at June 30, 2013,	
paid during FY 2014	(1,621,266)
FY 2013 Prepays for FY 2014	58,886
FY 2014 Prepays for FY 2015	(2,463)
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	(28,942)
Encumbrances Outstanding	(55,185)
Budget Basis	\$444,788

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2014, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District reports its investments 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 2014. 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, 2014. See Note 5, "Cash, Cash Equivalents and Investments".

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, if material. The costs of inventory items are recorded as expenditures in the governmental funds using the purchase method. Inventory is reported on the government-wide financial statements using the consumption method. Inventory consists of general supplies, purchased food and donated food, which is presented at their entitlement value.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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, 2014***

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 assets specifically related to governmental activities. 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, 2014

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, 2014.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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. The Board of Education may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget. Through the District’s purchasing policy the Board of Education has given the Treasurer the authority to constrain monies for intended purposes in the general fund, which are reported as assigned fund balance.

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, 2014

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

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

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by state statute to be set-aside by the District for the acquisition of capital assets.

S. Operating Revenues and Expenses

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating revenues generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating expenses include claims and administrative costs. The fund statements report all other revenues and expenses as nonoperating.

T. 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 2014. 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 2014, the District had no extraordinary or special items.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. 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.

V. Deferred Outflows/Inflows of Resources

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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equities

The fund deficit at June 30, 2014 of \$8,173 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, 2014:

<u>Fund</u>	<u>Excess</u>
Nonmajor Special Revenue Funds:	
SchoolNet Professional Development Fund	\$ 3,600
Title VI-B Fund	9,171

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 3 – 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:

Fund Balances	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$2,463	\$0	\$43,956	\$46,419
Supplies Inventory	0	0	19,628	19,628
Total Nonspendable	<u>2,463</u>	<u>0</u>	<u>63,584</u>	<u>66,047</u>
Restricted:				
Budget Stabilization	36,428	0	0	36,428
Community Activities	0	0	1,516	1,516
Extracurricular Activities	0	0	72,294	72,294
Nonpublic Schools	0	0	3,655	3,655
Technology Improvements	0	0	7,000	7,000
Special Education	0	0	17,029	17,029
Vocational Education	0	0	396	396
Targeted Academic Assistance	0	0	16,869	16,869
Improving Teacher Quality	0	0	4,910	4,910
Debt Service Payments	0	1,049,893	0	1,049,893
Capital Improvements	0	0	605,537	605,537
Total Restricted	<u>36,428</u>	<u>1,049,893</u>	<u>729,206</u>	<u>1,815,527</u>
Projected Budgetary Deficit	586,629	0	0	586,629
Assigned to Other Purposes	131,030	0	0	131,030
Total Assigned	<u>717,659</u>	<u>0</u>	<u>0</u>	<u>717,659</u>
Unassigned	<u>533,211</u>	<u>0</u>	<u>(27,959)</u>	<u>505,252</u>
Total Fund Balances	<u>\$1,289,761</u>	<u>\$1,049,893</u>	<u>\$764,831</u>	<u>\$3,104,485</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 4 – 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	\$266,260
Depreciation Expense	(821,290)
	<u>(\$555,030)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$37,865)
Decrease in Intergovernmental Grants Receivable	(116,751)
Increase in Interest Earnings	233
	<u>(\$154,383)</u>

Amount of bond and lease principal payments:

Bond Principal Payment	\$910,000
Capital Lease Payment	13,699
Inception of Capital Lease	(250,956)
	<u>\$672,743</u>

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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, 2014**

NOTE 5 - 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 \$236,097 and the bank balance was \$421,409. Federal depository insurance covered \$253,300 of the bank balance and \$168,109 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$168,109</u>
Total Balance	<u><u>\$168,109</u></u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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

B. Investments

The District's investments at June 30, 2014 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3 years	3-5 years
Repurchase Agreements	\$1,366,706	*	\$1,366,706	\$0	\$0
STAR Ohio	1,089,165	AAAm ²	1,089,165	0	0
FNMA Notes	723,707 ^a	Aaa ¹ , AA+ ²	0	658,772	64,935
FHLB Note	64,895	Aaa ¹ , AA+ ²	0	64,895	0
FHLMC Notes	309,840	Aaa ¹ , AA+ ²	0	309,840	0
FFCB Note	69,886	Aaa ¹ , AAA ²	0	69,886	0
FHLMC Discount Note	134,783	P-1 ¹ , A-1+ ²	134,783	0	0
Total Investments	<u>\$3,758,982</u>		<u>\$2,590,654</u>	<u>\$1,103,393</u>	<u>\$64,935</u>

*United States Treasury and United States Agency securities underlie the repurchase agreements. United States Treasury and 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, 2014, \$64,935 FNMA Note is callable on October 30, 2014, \$140,000 FNMA Note is callable November 21, 2014, and \$100,000 FNMA Note is callable February 27, 2015.

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, 19.3% are FNMA, 1.7% are FHLB, 8.2% are FHLMC, 1.9% are FFCB and 3.6% are FHLMC 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, 2014**

NOTE 5 - 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.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$2,688,668	\$1,306,411
Certificates of Deposit		
(with maturities of more than 3 months)	3,300	(3,300)
Repurchase Agreements	(1,366,706)	1,366,706
STAR Ohio	<u>(1,089,165)</u>	<u>1,089,165</u>
Per GASB Statement No. 3	<u><u>\$236,097</u></u>	<u><u>\$3,758,982</u></u>

NOTE 6 - 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 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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, 2014

NOTE 6 - PROPERTY TAXES (Continued)

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 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, 2014, are available to finance fiscal year 2013 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 2014 receipts were based are:

	<u>Assessed Values for Collection in:</u>	
	<u>2013 Second Half</u>	<u>2014 First Half</u>
Agricultural/Residential and Other Real Estate	\$248,432,630	\$248,446,390
Public Utility Personal	6,675,260	7,976,040
Total Assessed Value	<u>\$255,107,890</u>	<u>\$256,422,430</u>
Tax rate per \$1,000 of assessed valuation	\$53.85	\$61.75

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 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, 2014

NOTE 8 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2014:

Historical Cost:

Class	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Capital Assets not being depreciated:				
Land	\$438,952	\$0	\$0	\$438,952
Subtotal	438,952	0	0	438,952
Capital Assets being depreciated:				
Land Improvements	2,151,716	9,643	0	2,161,359
Buildings and Improvements	21,792,147	0	0	21,792,147
Furniture, Fixtures and Equipment	1,409,519	5,661	0	1,415,180
Vehicles	949,070	250,956	(260,489)	939,537
Subtotal	26,302,452	266,260	(260,489)	26,308,223
Total Cost	\$26,741,404	\$266,260	(\$260,489)	\$26,747,175

Accumulated Depreciation:

Class	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Land Improvements	(\$1,324,051)	(\$89,817)	\$0	(\$1,413,868)
Buildings and Improvements	(9,371,005)	(633,989)	0	(10,004,994)
Furniture, Fixtures and Equipment	(1,009,059)	(55,205)	0	(1,064,264)
Vehicles	(892,078)	(42,279)	260,489	(673,868)
Total Depreciation	(\$12,596,193)	(\$821,290)*	\$260,489	(\$13,156,994)
Net Value:	\$14,145,211			\$13,590,181

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$422,110
Support Services:	
Pupils	19,404
Instructional Staff	20,440
Administration	41,270
Fiscal Services	2,104
Operations and Maintenance of Plant	59,646
Pupil Transportation	53,009
Operation of Non-Instructional Services:	
Food Service	35,989
Extracurricular Activities	167,318
Total Depreciation Expense	\$821,290

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 9 - 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, 2014, 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, 2014, 2013 and 2012 were \$264,500, \$252,755 and \$234,173 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, 2014

NOTE 9 - 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, 2014, plan members were required to contribute 11 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 2013, 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 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$845,019, \$866,001, and \$928,456 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2014 were \$25,662 made by the District and \$20,163 made by the plan members.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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, 2014, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 10 - 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 2014, 0.14 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 2014, this amount was \$20,250.

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, 2014, 2013, and 2012 were \$28,539, \$28,773, and \$32,543 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, 2014**

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District’s contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$15,345, \$14,278, and \$13,829 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 2014, 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, 2014, 2013, and 2012 were \$65,001, \$66,615, and \$71,420 respectively; which were equal to the required contributions for each year.

NOTE 11 - NOTES PAYABLE

Note Payable activity of the District for the year ended June 30, 2014, was as follows:

	Issue Date	Balance June 30, 2013	Issued (Retired)	Balance June 30, 2014
General Fund Note Payable:				
2.85% Tax Anticipation	12/6/13	\$0	\$1,000,000 (1,000,000)	0
Total Notes Payable		\$0	\$0	\$0

The tax anticipation notes were issued to provide funding for expenditures during periods when expenditures exceed revenues and the District was waiting for tax revenues due to be deposited.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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, 2014 is as follows:

		Balance June 30, 2013	Issued	Retired	Balance June 30, 2014	Due Within One Year
Governmental Activities:						
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	\$935,000	\$0	(\$5,000)	\$930,000	\$5,000
School Improvement Bonds	4.35-5.6%	70,652	0	(39,095)	31,557	31,557
School Improvement Bonds-Refunding	2.75-4.2%	8,979,987	0	(220,000)	8,759,987	235,000
School Improvement Bonds-Refunding	3.6-4%	1,900,000	0	(15,000)	1,885,000	15,000
Subtotal General Obligation Bonds Payable		11,885,639	0	(279,095)	11,606,544	286,557
Premium on Refunding Bonds		743,473	0	(68,943)	674,530	0
Interest Accretion		1,893,059	358,819	(630,905)	1,620,973	638,443
Total General Obligation Bonds Payable		14,522,171	358,819	(978,943)	13,902,047	925,000
Capital Leases		64,732	250,956	(13,699)	301,989	97,773
Compensated Absences		1,184,640	133,975	(281,696)	1,036,919	132,241
Total Governmental Activities		\$15,771,543	\$743,750	(\$1,274,338)	\$15,240,955	\$1,155,014

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, 2014, follows:

Years	General Obligation			
	Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2015	\$286,557	\$1,097,785	\$97,773	\$6,573
2016	975,000	432,729	98,448	5,898
2017	1,015,000	391,799	101,458	2,888
2018	1,055,000	350,279	4,310	46
2019	269,940	1,104,021	0	0
2020-2024	3,875,047	3,063,128	0	0
2025-2028	4,130,000	304,063	0	0
Totals	\$11,606,544	\$6,743,804	\$301,989	\$15,405

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 13 - CAPITALIZED LEASES

The District leases several copiers and three busses under capital leases. The cost of the equipment obtained under capital leases is \$325,406, 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, 2014:

Year Ending June 30,	Capital Leases
2015	\$104,346
2016	104,346
2017	104,346
2018	4,356
Minimum Lease Payments	317,394
Less: Amount representing interest at the District's incremental borrowing rate of interest	(15,405)
Present Value of minimum lease payments	\$301,989

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 2014 the District contracted with Liberty Mutual Company for various insurance coverages, as follows:

Coverage	Deductible	Aggregate
	\$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, 2014

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 life and vision benefits through commercial coverage. On July 1, 2013, the District began providing group health and dental care to employees and their eligible dependents through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the self-insurance fund are available to pay claims. The plan is administered by a third party administrator, Medical Benefits, Inc., which monitors all claim payments. Excess loss coverage becomes effective after \$95,000 per year per specific claim. The outstanding claims at June 30, 2014, for the health care self-insurance program amounted to \$222,200.

The claims liability reported in the fund at June 30, 2014 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2014 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2014	\$0	\$1,860,958	(\$1,638,758)	\$222,200

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

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, 2014, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2013	\$0
Current Year Additions	281,689
Qualifying Offset	(221,820)
Current Year Disbursements	(23,441)
Totals	\$36,428
Balance Carried Forward to FY2015	\$0
Restricted Cash Balance at June 30, 2014	\$0

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.

NOTE 16 - INTERFUND ACTIVITY

Following is a summary of operating transfers in and out for all funds for fiscal year 2014:

Fund	Transfers In	Transfers Out
General Fund	\$0	\$50,000
Nonmajor Governmental Funds	50,000	0
Total All Funds	\$50,000	\$50,000

Transfers from the General Fund were used to provide additional resources for the nonmajor governmental funds. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 17 - 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 \$80,428 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 Educational Service Center of Central Ohio, 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, 2014***

NOTE 18 – 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, 2014, 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, 2014.

NOTE 19 – OTHER COMMITMENTS

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	
General Fund	\$56,550
Other Governmental Funds	<u>52,643</u>
Total Governmental Funds	<u><u>\$109,193</u></u>



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, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 112,022	\$ 596,421	\$ 708,443
Receivables:			
Taxes	0	199,603	199,603
Intergovernmental	81,392	0	81,392
Inventory	19,628	0	19,628
Prepaid Items	158	43,798	43,956
Total Assets	\$ 213,200	\$ 839,822	\$ 1,053,022
Liabilities:			
Accounts Payable	\$ 9,054	\$ 354	\$ 9,408
Accrued Wages and Benefits	68,815	0	68,815
Intergovernmental Payable	16,360	0	16,360
Total Liabilities	94,229	354	94,583
Deferred Inflows of Resources:			
Property Taxes	0	185,728	185,728
Unavailable Revenue	3,475	4,405	7,880
Total Deferred Inflows of Resources	3,475	190,133	193,608
Fund Balances:			
Nonspendable	19,786	43,798	63,584
Restricted	123,669	605,537	729,206
Unassigned	(27,959)	0	(27,959)
Total Fund Balances	115,496	649,335	764,831
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 213,200	\$ 839,822	\$ 1,053,022

HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Local Sources:			
Taxes	\$ 0	\$ 187,973	\$ 187,973
Food Services	186,257	0	186,257
Investment Earnings	112	4,860	4,972
Extracurricular Activities	134,064	0	134,064
Intergovernmental - State	18,027	37,386	55,413
Intergovernmental - Federal	879,254	0	879,254
All Other Revenue	26,811	0	26,811
Total Revenue	1,244,525	230,219	1,474,744
Expenditures:			
Current:			
Instruction	391,414	260,876	652,290
Supporting Services:			
Pupils	1,412	0	1,412
Instructional Staff	60,484	0	60,484
Administration	121,893	3,187	125,080
Fiscal Services	206	2,754	2,960
Central	7,200	0	7,200
Operation of Non-Instructional Services:			
Community Services	4,410	0	4,410
Food Service Operations	528,121	0	528,121
Extracurricular Activities	122,100	0	122,100
Total Expenditures	1,237,240	266,817	1,504,057
Excess (Deficiency) of Revenues			
Over Expenditures	7,285	(36,598)	(29,313)
Other Financing Sources (Uses):			
Transfers In	50,000	0	50,000
Total Other Financing Sources (Uses)	50,000	0	50,000
Net Change in Fund Balance	57,285	(36,598)	20,687
Fund Balances at Beginning of Year	57,298	685,933	743,231
Increase in Inventory Reserve	913	0	913
Fund Balances End of Year	\$ 115,496	\$ 649,335	\$ 764,831

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014***

	Food Service	Other Grants	District Managed Student Activity	Auxiliary Services
Assets:				
Cash and Cash Equivalents	\$ 11,131	\$ 1,516	\$ 72,294	\$ 3,655
Receivables:				
Intergovernmental	0	0	0	0
Inventory	19,628	0	0	0
Prepaid Items	158	0	0	0
Total Assets	\$ 30,917	\$ 1,516	\$ 72,294	\$ 3,655
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	23,389	0	0	0
Intergovernmental Payable	15,701	0	0	0
Total Liabilities	39,090	0	0	0
Deferred Inflows of Resources:				
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	19,786	0	0	0
Restricted	0	1,516	72,294	3,655
Unassigned	(27,959)	0	0	0
Total Fund Balances (Deficit)	(8,173)	1,516	72,294	3,655
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 30,917	\$ 1,516	\$ 72,294	\$ 3,655

HEATH CITY SCHOOL DISTRICT

Management Information System	Title VI-B	Vocational Education	Title I	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 7,000	\$ 5,816	\$ 396	\$ 9,410	\$ 804	\$ 112,022
0	33,624	0	40,187	7,581	81,392
0	0	0	0	0	19,628
0	0	0	0	0	158
<u>\$ 7,000</u>	<u>\$ 39,440</u>	<u>\$ 396</u>	<u>\$ 49,597</u>	<u>\$ 8,385</u>	<u>\$ 213,200</u>
\$ 0	\$ 120	\$ 0	\$ 8,934	\$ 0	\$ 9,054
0	21,972	0	23,454	0	68,815
0	319	0	340	0	16,360
0	22,411	0	32,728	0	94,229
0	0	0	0	3,475	3,475
0	0	0	0	3,475	3,475
0	0	0	0	0	19,786
7,000	17,029	396	16,869	4,910	123,669
0	0	0	0	0	(27,959)
<u>7,000</u>	<u>17,029</u>	<u>396</u>	<u>16,869</u>	<u>4,910</u>	<u>115,496</u>
<u>\$ 7,000</u>	<u>\$ 39,440</u>	<u>\$ 396</u>	<u>\$ 49,597</u>	<u>\$ 8,385</u>	<u>\$ 213,200</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, 2014

	Food Service	Other Grants	District Managed Student Activity	Auxiliary Services
Revenues:				
Local Sources:				
Food Services	\$ 186,257	\$ 0	\$ 0	\$ 0
Investment Earnings	3	0	109	0
Extracurricular Activities	0	0	134,064	0
Class Materials and Fees	0	0	0	0
Intergovernmental - State	5,682	0	0	5,145
Intergovernmental - Federal	282,003	0	0	0
All Other Revenue	21,179	1,439	4,193	0
Total Revenue	<u>495,124</u>	<u>1,439</u>	<u>138,366</u>	<u>5,145</u>
Expenditures:				
Current:				
Instruction	0	0	0	0
Supporting Services:				
Pupils	0	1,412	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Fiscal Services	0	0	0	206
Central	0	0	0	0
Operation of Non-Instructional Services:				
Community Services	0	0	0	4,410
Food Service Operations	528,121	0	0	0
Extracurricular Activities	0	0	122,100	0
Total Expenditures	<u>528,121</u>	<u>1,412</u>	<u>122,100</u>	<u>4,616</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(32,997)	27	16,266	529
Other Financing Sources (Uses):				
Transfers In	50,000	0	0	0
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	17,003	27	16,266	529
Fund Balances at Beginning of Year	(26,089)	1,489	56,028	3,126
Increase in Inventory Reserve	913	0	0	0
Fund Balances End of Year	<u>\$ (8,173)</u>	<u>\$ 1,516</u>	<u>\$ 72,294</u>	<u>\$ 3,655</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	\$ 186,257
0	0	0	0	0	0	112
0	0	0	0	0	0	134,064
0	0	0	0	0	0	0
0	7,200	0	0	0	0	18,027
0	0	287,385	0	276,232	33,634	879,254
0	0	0	0	0	0	26,811
0	7,200	287,385	0	276,232	33,634	1,244,525
0	0	132,018	0	259,396	0	391,414
0	0	0	0	0	0	1,412
0	0	30,239	0	0	30,245	60,484
0	0	121,893	0	0	0	121,893
0	0	0	0	0	0	206
0	7,200	0	0	0	0	7,200
0	0	0	0	0	0	4,410
0	0	0	0	0	0	528,121
0	0	0	0	0	0	122,100
0	7,200	284,150	0	259,396	30,245	1,237,240
0	0	3,235	0	16,836	3,389	7,285
0	0	0	0	0	0	50,000
0	0	0	0	0	0	50,000
0	0	3,235	0	16,836	3,389	57,285
7,000	0	13,794	396	33	1,521	57,298
0	0	0	0	0	0	913
<u>\$ 7,000</u>	<u>\$ 0</u>	<u>\$ 17,029</u>	<u>\$ 396</u>	<u>\$ 16,869</u>	<u>\$ 4,910</u>	<u>\$ 115,496</u>

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2014***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 572,719	\$ 23,702	\$ 596,421
Receivables:			
Taxes	199,603	0	199,603
Prepaid Items	43,798	0	43,798
Total Assets	\$ 816,120	\$ 23,702	\$ 839,822
Liabilities:			
Accounts Payable	\$ 354	\$ 0	\$ 354
Total Liabilities	354	0	354
Deferred Inflows of Resources:			
Property Taxes	185,728	0	185,728
Unavailable Revenue	4,405	0	4,405
Total Deferred Inflows of Resources	190,133	0	190,133
Fund Balances:			
Nonspendable	43,798	0	43,798
Restricted	581,835	23,702	605,537
Total Fund Balances	625,633	23,702	649,335
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 816,120	\$ 23,702	\$ 839,822

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, 2014**

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
Local Sources:			
Taxes	\$ 187,973	\$ 0	\$ 187,973
Investment Earnings	4,770	90	4,860
Intergovernmental - State	37,386	0	37,386
Total Revenue	230,129	90	230,219
Expenditures:			
Current:			
Instruction	260,876	0	260,876
Supporting Services:			
Administration	0	3,187	3,187
Fiscal Services	2,754	0	2,754
Total Expenditures	263,630	3,187	266,817
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(33,501)	(3,097)	(36,598)
Fund Balances at Beginning of Year	659,134	26,799	685,933
Fund Balances End of Year	\$ 625,633	\$ 23,702	\$ 649,335

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, 2014***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 2,174,483	\$ 2,173,479	\$ (1,004)
Intergovernmental - State	220,905	220,863	(42)
Total Revenues	2,395,388	2,394,342	(1,046)
Expenditures:			
Current:			
Support Services:			
Fiscal Services:			
Other Expenditures	19,700	16,964	2,736
Debt Service:			
Principal Retirement	1,910,000	1,910,000	0
Interest and Fiscal Charges	495,588	481,050	14,538
Total Debt Service	2,405,588	2,391,050	14,538
Total Expenditures	2,425,288	2,408,014	17,274
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(29,900)	(13,672)	16,228
Fund Balance at Beginning of Year			
	1,004,835	1,004,835	0
Fund Balance at End of Year	\$ 974,935	\$ 991,163	\$ 16,228

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, 2014***

FOOD SERVICE FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Food Services	\$ 224,962	\$ 186,257	\$ (38,705)
Investment Earnings	20	3	(17)
Intergovernmental - State	6,000	5,682	(318)
Intergovernmental - Federal	235,650	235,645	(5)
All Other Revenues	<u>23,200</u>	<u>21,179</u>	<u>(2,021)</u>
Total Revenues	<u>489,832</u>	<u>448,766</u>	<u>(41,066)</u>
Expenditures:			
Non-Instructional Services:			
Food Service Operations	<u>512,016</u>	<u>507,318</u>	<u>4,698</u>
Total Expenditures	<u>512,016</u>	<u>507,318</u>	<u>4,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,184)	(58,552)	(36,368)
Total Other Financing Sources (Uses):			
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Net Change in Fund Balance	27,816	(8,552)	(36,368)
Fund Balance at Beginning of Year	18,703	18,703	0
Prior Year Encumbrances	<u>980</u>	<u>980</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 47,499</u>	<u>\$ 11,131</u>	<u>\$ (36,368)</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, 2014***

UNIFORM SCHOOL SUPPLY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Class Materials and Fees	\$ 62,390	\$ 61,062	\$ (1,328)
Total Revenues	<u>62,390</u>	<u>61,062</u>	<u>(1,328)</u>
Expenditures:			
Instructional Services	129,025	55,918	73,107
Total Expenditures	<u>129,025</u>	<u>55,918</u>	<u>73,107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,635)	5,144	71,779
Fund Balance at Beginning of Year	73,608	73,608	0
Prior Year Encumbrances	<u>200</u>	<u>200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,173</u>	<u>\$ 78,952</u>	<u>\$ 71,779</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, 2014***

ROTARY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 12	\$ 9	\$ (3)
All Other Revenues	5,150	5,127	(23)
Total Revenues	5,162	5,136	(26)
Expenditures:			
Instructional Services	11,296	6,864	4,432
Support Services:			
Pupils	55	0	55
Fiscal Services	35	0	35
Total Expenditures	11,386	6,864	4,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,224)	(1,728)	4,496
Fund Balance at Beginning of Year	12,501	12,501	0
Fund Balance at End of Year	\$ 6,277	\$ 10,773	\$ 4,496

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, 2014***

PUBLIC SCHOOL SUPPORT FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 124,345	\$ 121,364	\$ (2,981)
Total Revenues	<u>124,345</u>	<u>121,364</u>	<u>(2,981)</u>
Expenditures:			
Support Services:			
Pupils	137,282	90,312	46,970
Instructional Staff	7,048	3,359	3,689
Central	<u>14,857</u>	<u>5,361</u>	<u>9,496</u>
Total Expenditures	<u>159,187</u>	<u>99,032</u>	<u>60,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,842)	22,332	57,174
Fund Balance at Beginning of Year	<u>54,069</u>	<u>54,069</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,227</u>	<u>\$ 76,401</u>	<u>\$ 57,174</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, 2014***

OTHER GRANTS FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
All Other Revenues	\$ 1,440	\$ 1,439	\$ (1)
Total Revenues	<u>1,440</u>	<u>1,439</u>	<u>(1)</u>
Expenditures:			
Support Services:			
Pupils	<u>1,608</u>	<u>1,412</u>	<u>196</u>
Total Expenditures	<u>1,608</u>	<u>1,412</u>	<u>196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(168)	27	195
Fund Balance at Beginning of Year	<u>1,489</u>	<u>1,489</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,321</u></u>	<u><u>\$ 1,516</u></u>	<u><u>\$ 195</u></u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014***

DISTRICT MANAGED STUDENT ACTIVITY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 120	\$ 109	\$ (11)
Extracurricular Activities	134,230	134,064	(166)
All Other Revenues	<u>4,312</u>	<u>4,193</u>	<u>(119)</u>
Total Revenues	<u>138,662</u>	<u>138,366</u>	<u>(296)</u>
Expenditures:			
Extracurricular Activities	<u>187,138</u>	<u>133,921</u>	<u>53,217</u>
Total Expenditures	<u>187,138</u>	<u>133,921</u>	<u>53,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,476)	4,445	52,921
Fund Balance at Beginning of Year	52,181	52,181	0
Prior Year Encumbrances	<u>6,005</u>	<u>6,005</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,710</u>	<u>\$ 62,631</u>	<u>\$ 52,921</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, 2014*

AUXILIARY SERVICES FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 5,145	\$ 5,145	\$ 0
Total Revenues	5,145	5,145	0
Expenditures:			
Support Services:			
Fiscal Services	206	206	0
Non-Instructional Services:			
Community Services	8,065	7,978	87
Total Expenditures	8,271	8,184	87
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,126)	(3,039)	87
Fund Balance at Beginning of Year	3,126	3,126	0
Fund Balance at End of Year	\$ 0	\$ 87	\$ 87

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, 2014*

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	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>7,000</u>	<u>7,000</u>	<u>0</u>
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, 2014***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 3,600	\$ 7,200	\$ 3,600
Total Revenues	<u>3,600</u>	<u>7,200</u>	<u>3,600</u>
Expenditures:			
Support Services:			
Central	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Total Expenditures	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(3,600)	0	3,600
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (3,600)</u>	<u>\$ 0</u>	<u>\$ 3,600</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, 2014***

TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 305,581	\$ 281,128	\$ (24,453)
Total Revenues	305,581	281,128	(24,453)
Expenditures:			
Instructional Services	156,256	131,811	24,445
Support Services:			
Instructional Staff	29,291	28,076	1,215
Admininstration	137,117	123,718	13,399
Total Expenditures	322,664	283,605	39,059
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,083)	(2,477)	14,606
Fund Balance at Beginning of Year	7,912	7,912	0
Fund Balance at End of Year	\$ (9,171)	\$ 5,435	\$ 14,606

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, 2014***

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	<u>396</u>	<u>396</u>	<u>0</u>
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, 2014***

TITLE I FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 305,603	\$ 255,036	\$ (50,567)
Total Revenues	305,603	255,036	(50,567)
Expenditures:			
Instructional Services	301,523	268,865	32,658
Support Services:			
Instructional Staff	7,536	0	7,536
Total Expenditures	309,059	268,865	40,194
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,456)	(13,829)	(10,373)
Fund Balance at Beginning of Year	13,837	13,837	0
Fund Balance at End of Year	\$ 10,381	\$ 8	\$ (10,373)

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, 2014***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 37,127	\$ 29,528	\$ (7,599)
Total Revenues	<u>37,127</u>	<u>29,528</u>	<u>(7,599)</u>
Expenditures:			
Support Services:			
Instructional Staff	38,849	31,266	7,583
Total Expenditures	<u>38,849</u>	<u>31,266</u>	<u>7,583</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,722)	(1,738)	(16)
Fund Balance at Beginning of Year	999	999	0
Prior Year Encumbrances	741	741	0
Fund Balance at End of Year	<u>\$ 18</u>	<u>\$ 2</u>	<u>\$ (16)</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, 2014***

PERMANENT IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Taxes	\$ 184,465	\$ 184,433	\$ (32)
Investment Earnings	4,105	4,770	665
Intergovernmental - State	37,445	37,386	(59)
All Other Revenues	0	0	0
Total Revenues	226,015	226,589	574
Expenditures:			
Instructional Services	397,150	328,126	69,024
Support Services:			
Fiscal Services	3,100	2,754	346
Capital Outlay	0	0	0
Total Expenditures	400,250	330,880	69,370
Excess (Deficiency) of Revenues Over (Under) Expenditures	(174,235)	(104,291)	69,944
Fund Balance at Beginning of Year	638,962	638,962	0
Prior Year Encumbrances	27,236	27,236	0
Fund Balance at End of Year	\$ 491,963	\$ 561,907	\$ 69,944

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, 2014***

BUILDING FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$ 150	\$ 90	\$ (60)
Total Revenues	150	90	(60)
Expenditures:			
Supporting Services:			
Operation and Maintenance of Plant Services	18,500	16,691	1,809
Total Expenditures	18,500	16,691	1,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,350)	(16,601)	1,749
Fund Balance at Beginning of Year	27,485	27,485	0
Fund Balance at End of Year	\$ 9,135	\$ 10,884	\$ 1,749

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.

Ohio High School Athletic Association (OHSAA) Tournament Fund

To account for athletic tournament monies held by the District in a custodial capacity.

HEATH CITY SCHOOL DISTRICT

***Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014***

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$45,688	\$91,448	(\$95,195)	\$41,941
Total Assets	<u>\$45,688</u>	<u>\$91,448</u>	<u>(\$95,195)</u>	<u>\$41,941</u>
Liabilities:				
Due to Students	\$45,688	\$91,448	(\$95,195)	\$41,941
Total Liabilities	<u>\$45,688</u>	<u>\$91,448</u>	<u>(\$95,195)</u>	<u>\$41,941</u>
<u>OHSAA Tournament Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$19,748	(\$17,567)	\$2,181
Total Assets	<u>\$0</u>	<u>\$19,748</u>	<u>(\$17,567)</u>	<u>\$2,181</u>
Liabilities:				
Due to Others	\$0	\$19,748	(\$17,567)	\$2,181
Total Liabilities	<u>\$0</u>	<u>\$19,748</u>	<u>(\$17,567)</u>	<u>\$2,181</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$45,688	\$111,196	(\$112,762)	\$44,122
Total Assets	<u>\$45,688</u>	<u>\$111,196</u>	<u>(\$112,762)</u>	<u>\$44,122</u>
Liabilities:				
Due to Others	\$0	\$19,748	(\$17,567)	\$2,181
Due to Students	45,688	91,448	(95,195)	41,941
Total Liabilities	<u>\$45,688</u>	<u>\$111,196</u>	<u>(\$112,762)</u>	<u>\$44,122</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)*

	2005	2006	2007	2008
Governmental Activities:				
Net Investment in Capital Assets	\$2,416,171	\$1,993,183	\$2,893,470	\$2,834,908
Restricted for:				
Capital Projects	1,037,247	887,506	728,676	887,090
Debt Service	83,212	491,354	554,425	720,704
Statutory Purposes	0	0	0	0
Federal and State Grant Programs	0	0	0	0
Other Purposes	344,480	351,893	518,892	759,384
Unrestricted	856,624	705,539	(495,432)	(160,090)
Total Governmental Activities Net Position	<u>\$4,737,734</u>	<u>\$4,429,475</u>	<u>\$4,200,031</u>	<u>\$5,041,996</u>
Primary Government:				
Net Investment in Capital Assets	\$2,416,171	\$1,993,183	\$2,893,470	\$2,834,908
Restricted	1,464,939	1,730,753	1,801,993	2,367,178
Unrestricted	856,624	705,539	(495,432)	(160,090)
Total Primary Government Net Position	<u>\$4,737,734</u>	<u>\$4,429,475</u>	<u>\$4,200,031</u>	<u>\$5,041,996</u>

* Restated

Source: District Treasurer's Office

Heath City School District

2009	2010	2011	2012	2013	2014
*					
\$2,811,504	\$2,693,125	\$2,630,860	\$2,239,306	\$1,569,237	\$1,007,118
800,073	829,813	719,231	738,118	692,224	653,740
855,590	1,072,423	1,054,061	1,128,253	1,042,315	1,038,847
0	0	0	140,760	61,909	108,722
0	0	0	36,153	33,557	54,850
1,006,293	815,061	1,235,344	0	0	0
(206,364)	(246,538)	(1,193,673)	(1,279,996)	(2,343,361)	(1,145,827)
<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>	<u>\$1,717,450</u>
\$2,811,504	\$2,693,125	\$2,630,860	\$2,239,306	\$1,569,237	\$1,007,118
2,661,956	2,717,297	3,008,636	2,043,284	1,830,005	1,856,159
(206,364)	(246,538)	(1,193,673)	(1,279,996)	(2,343,361)	(1,145,827)
<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>	<u>\$1,717,450</u>

Heath City School District

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

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

Heath City School District

2008	2009	2010	2011	2012	2013	2014
\$9,085,543	\$9,646,810	\$10,537,518	\$10,300,203	\$9,989,037	\$10,304,880	\$10,096,148
810,305	865,694	1,030,058	935,407	805,150	632,193	621,994
378,349	350,010	374,083	384,329	344,754	318,009	264,908
10,855	12,061	11,787	16,901	20,516	79,588	80,043
1,254,840	1,333,496	1,450,432	1,452,788	1,618,593	1,468,112	1,518,459
487,384	514,732	504,185	499,038	492,224	506,287	528,591
44,304	41,636	34,831	34,834	17,713	29,284	14,330
1,353,411	1,317,583	1,236,884	1,230,337	1,306,882	1,351,000	1,330,607
631,807	589,078	631,971	642,930	638,839	654,334	637,015
250,355	243,900	291,401	319,121	280,810	275,932	308,948
5,951	5,125	10,722	6,758	6,117	1,776	4,410
560,347	592,736	629,322	597,437	616,504	616,807	567,567
0	0	0	0	0	0	17,994
0	0	0	0	1,900	0	0
616,595	728,693	713,070	688,364	574,354	601,322	593,994
941,017	963,173	985,299	1,012,984	1,024,811	1,117,528	891,757
<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>	<u>\$17,476,765</u>
\$173,950	\$186,639	\$158,698	\$161,632	\$137,166	\$156,220	\$600,894
1,907	3,856	59,040	47,311	45,392	41,000	43,788
292,224	298,338	256,785	243,667	241,808	220,566	186,257
105,913	104,348	109,350	115,755	87,820	102,999	134,064
975,399	922,259	1,564,636	1,688,192	838,086	895,828	1,026,547
5,416	12,068	0	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>	<u>1,991,550</u>

(Continued)

Heath City School District

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

	2005	2006	2007
Net (Expense)/Revenue			
Governmental Activities	(13,693,301)	(13,964,399)	(14,795,827)
<i>Total Primary Government</i>			
<i>Net (Expense)/Revenue</i>	<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	\$6,835,401	\$6,834,368	\$7,012,225
Debt Service	1,249,782	1,280,030	1,435,903
Capital Outlay	114,458	114,438	128,674
Grants and Entitlements not			
Restricted to Specific Programs	4,627,830	4,964,161	5,410,791
Investment Earnings	85,559	161,987	223,690
Miscellaneous	535,774	301,156	355,100
<i>Total Primary Government</i>	<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	1,299,371	0	0
Change in Net Position			
Governmental Activities	1,054,874	(308,259)	(229,444)
<i>Total Primary Government</i>			
<i>Change in Net Position</i>	<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	2014
	*					
(14,876,254)	(15,677,219)	(16,293,054)	(15,864,874)	(16,387,932)	(16,540,439)	(15,485,215)
<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>	<u>(\$15,485,215)</u>
\$7,716,065	\$7,530,679	\$7,924,272	\$6,934,888	\$6,981,958	\$6,623,175	\$7,854,925
1,351,190	1,234,411	1,332,583	1,090,509	1,161,817	1,095,634	1,171,836
212,373	198,766	207,989	196,460	172,436	177,920	186,087
5,871,413	6,331,894	6,198,597	6,391,572	6,098,286	6,145,307	6,383,632
189,225	84,071	19,132	11,449	9,489	7,825	6,886
377,953	522,498	507,269	521,935	520,717	543,865	543,418
<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>	<u>\$16,146,784</u>
0	0	0	0	0	0	0
841,965	225,100	(103,212)	(718,061)	(1,443,229)	(1,946,713)	661,569
<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>	<u>\$661,569</u>

Heath City School District

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

	2005	2006	2007	2008
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	1,087,811	1,040,193	1,137,953	1,237,003
Unreserved	164,873	21,354	25,821	600,692
<i>Total General Fund</i>	<u>1,252,684</u>	<u>1,061,547</u>	<u>1,163,774</u>	<u>1,837,695</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	244,300	734,089	741,159	841,806
Unreserved, Undesignated in:				
Special Revenue Funds	211,556	247,222	261,747	304,652
Capital Projects Funds	954,517	663,834	599,020	802,480
<i>Total All Other Governmental Funds</i>	<u>1,410,373</u>	<u>1,645,145</u>	<u>1,601,926</u>	<u>1,948,938</u>
<i>Total Governmental Funds</i>	<u><u>\$2,663,057</u></u>	<u><u>\$2,706,692</u></u>	<u><u>\$2,765,700</u></u>	<u><u>\$3,786,633</u></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

2009	2010	2011	2012	2013	2014
*					
\$0	\$0	\$183,217	\$171,764	\$58,886	\$2,463
0	0	1,071,779	86,144	5,881	36,428
0	0	240,210	143,303	124,352	717,659
0	0	1,177,178	1,167,714	0	533,211
1,561,877	2,270,930	0	0	0	0
936,787	79,028	0	0	0	0
<u>2,498,664</u>	<u>2,349,958</u>	<u>2,672,384</u>	<u>1,568,925</u>	<u>189,119</u>	<u>1,289,761</u>
0	0	30,011	27,854	18,872	63,584
0	0	1,833,419	1,893,664	1,811,895	1,779,099
0	0	0	(21,255)	(44,961)	(27,959)
961,056	1,342,239	0	0	0	0
272,882	455,673	0	0	0	0
733,249	582,640	0	0	0	0
<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>1,814,724</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>	<u>\$3,104,485</u>

Heath City School District

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

	2005	2006	2007	2008
Revenues:				
Local Sources:				
Taxes	\$8,217,228	\$8,316,370	\$8,973,456	\$9,177,281
Tuition	88,595	78,323	132,640	97,851
Food Service	281,668	300,649	291,284	292,224
Investment Earnings	81,707	158,998	224,641	191,210
Extracurricular Activities	74,588	79,875	97,200	105,913
Class Materials and Fees	80,798	87,092	80,984	75,699
Intergovernmental - State	4,666,593	5,053,501	5,435,638	5,935,027
Intergovernmental - Federal	748,174	801,138	804,350	905,022
All Other Revenue	588,075	349,000	414,494	383,685
Total Revenue	<u>14,827,426</u>	<u>15,224,946</u>	<u>16,454,687</u>	<u>17,163,912</u>
Expenditures:				
Current:				
Instruction	7,581,623	7,818,644	8,450,515	8,670,531
Supporting Services:				
Pupils	809,485	819,120	780,296	790,332
Instructional Staff	417,740	503,159	392,514	362,294
Board of Education	11,468	8,668	9,322	10,855
Administration	1,162,291	1,218,226	1,233,636	1,211,911
Fiscal Services	496,274	494,041	524,494	482,568
Business	18,637	23,173	32,881	44,304
Operation and Maintenance of Plant	1,182,710	1,184,777	1,371,895	1,261,633
Pupil Transportation	434,537	708,790	526,559	581,873
Central	215,024	201,825	220,129	238,584
Operation of Non-Instructional Services				
Community Services	7,582	4,458	6,483	5,951
Food Service Operations	473,144	471,141	503,554	533,326
Shared Services	0	0	0	0
Other	0	0	0	0
Extracurricular Activities	376,408	391,195	429,705	449,089
Capital Outlay	418,869	370,063	293,999	88,201
Debt Service:				
Principal Retirement	448,168	595,659	955,293	809,080
Interest and Fiscal Charges	921,912	776,485	655,854	612,393
Total Expenditures	<u>14,975,872</u>	<u>15,589,424</u>	<u>16,387,129</u>	<u>16,152,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,446)	(364,478)	67,558	1,010,987

Heath City School District

2009	2010	2011	2012	2013	2014
*					
\$8,961,555	\$9,331,887	\$8,188,824	\$8,381,872	\$8,082,155	\$9,250,713
93,116	81,380	86,905	66,003	78,449	535,675
298,338	256,785	243,667	241,808	220,566	186,257
83,550	22,538	11,841	9,590	7,807	6,416
104,348	109,350	115,755	87,820	102,999	134,064
85,847	75,966	72,703	64,454	76,887	64,719
6,384,719	6,271,018	6,375,408	6,115,330	6,048,971	6,647,676
882,747	1,409,484	1,736,676	836,314	920,119	879,254
528,422	567,612	571,270	572,818	585,749	583,706
<u>17,422,642</u>	<u>18,126,020</u>	<u>17,403,049</u>	<u>16,376,009</u>	<u>16,123,702</u>	<u>18,288,480</u>
9,099,786	9,973,182	9,795,976	9,631,529	9,887,089	9,671,600
843,298	982,329	927,881	809,099	609,970	597,979
325,836	350,625	362,563	324,278	301,093	243,751
12,061	11,787	16,901	20,516	79,588	80,043
1,273,230	1,396,787	1,384,316	1,638,441	1,506,325	1,459,945
504,825	496,682	492,914	487,692	502,551	536,825
41,636	34,831	34,834	17,713	29,284	14,330
1,259,472	1,168,957	1,189,989	1,222,560	1,208,877	1,253,864
513,898	556,111	571,969	585,119	613,996	584,559
232,781	279,319	311,756	278,397	274,241	308,225
5,125	10,722	6,758	6,117	1,776	4,410
553,902	594,848	560,267	583,818	583,763	531,695
0	0	0	0	0	17,994
0	0	0	1,900	0	0
591,722	543,862	520,440	421,200	452,268	426,676
354,520	91,484	88,968	49,870	174,798	274,419
791,884	820,875	818,702	866,702	983,849	923,699
587,690	554,109	514,971	491,780	485,280	484,775
<u>16,991,666</u>	<u>17,866,510</u>	<u>17,599,205</u>	<u>17,436,731</u>	<u>17,694,748</u>	<u>17,414,789</u>
430,976	259,510	(196,156)	(1,060,722)	(1,571,046)	873,691
					(Continued)

Heath City School District

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	1,321,791	0	75	75
General Obligation Notes Issued	0	164,000	0	0
Premium on General Obligation Notes	0	5,798	0	0
Refunding General Obligation Bonds Issued	0	12,494,986	0	0
Premium on General Obligation Refunding Bond	0	1,275,918	0	0
Payment to Refunded Bond Escrow Agent	0	(13,533,778)	0	0
Other Financing Sources - Capital Leases	0	0	0	0
Transfers In	8,000	15,000	15,000	20,000
Transfers Out	(8,000)	(15,000)	(15,000)	(20,000)
Total Other Financing Sources (Uses)	<u>1,321,791</u>	<u>406,924</u>	<u>75</u>	<u>75</u>
Net Change in Fund Balance	<u>\$1,173,345</u>	<u>\$42,446</u>	<u>\$67,633</u>	<u>\$1,011,062</u>
 Debt Service as a Percentage of Noncapital Expenditures	 9.39%	 9.07%	 10.02%	 8.84%

* Restated

Source: District Treasurer's Office

Heath City School District

2009	2010	2011	2012	2013	2014
0	49	0	0	0	4,000
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	250,956
20,000	20,000	0	0	0	50,000
(20,000)	(20,000)	0	0	0	(50,000)
<u>248,060</u>	<u>49</u>	<u>0</u>	<u>0</u>	<u>74,450</u>	<u>254,956</u>
<u>\$679,036</u>	<u>\$259,559</u>	<u>(\$196,156)</u>	<u>(\$1,060,722)</u>	<u>(\$1,496,596)</u>	<u>\$1,128,647</u>
8.31%	7.71%	7.61%	7.81%	8.36%	8.21%

Heath City School District

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

Tax year	2004	2005	2006	2007
		*		
Real Property				
Assessed	\$204,143,540	\$236,666,040	\$236,780,990	\$243,057,770
Actual	583,267,257	676,188,686	676,517,114	694,450,771
Public Utility				
Assessed	6,498,070	6,351,210	6,463,400	5,352,300
Actual	6,498,070	6,351,210	6,463,400	5,352,300
Tangible Personal Property				
Assessed	35,135,040	40,706,030	23,227,380	23,843,800
Actual	140,540,160	162,824,120	123,879,360	190,750,400
Total				
Assessed	245,776,650	283,723,280	266,471,770	272,253,870
Actual	730,305,487	845,364,016	806,859,874	890,553,471
Assessed Value as a Percentage of Actual Value	33.65%	33.56%	33.03%	30.57%
Total Direct Tax Rate	\$50.20	\$50.30	\$49.06	\$54.60

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

2008 **	2009	2010	2011 *	2012	2013
\$244,538,400	\$243,252,830	\$243,524,570	\$246,409,720	\$248,432,630	\$248,446,390
698,681,143	695,008,086	695,784,486	704,027,771	709,807,514	709,846,829
5,906,570	5,787,400	6,265,120	6,342,490	6,675,260	7,976,040
5,906,570	5,787,400	6,265,120	6,342,490	6,675,260	7,976,040
510,015	536,600	0	0	0	0
8,160,240	5,366,000	0	0	0	0
250,954,985	249,576,830	249,789,690	252,752,210	255,107,890	256,422,430
712,747,953	706,161,486	702,049,606	710,370,261	716,482,774	717,822,869
35.21%	35.34%	35.58%	35.58%	35.61%	35.72%
\$55.08	\$55.70	\$55.62	\$55.70	\$53.85	\$61.75

Heath City School District

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Direct District Rates				
General Fund	44.50	44.50	42.76	48.40
Bond Retirement Fund	4.50	4.60	5.10	5.00
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>50.20</u>	<u>50.30</u>	<u>49.06</u>	<u>54.60</u>
Overlapping Rates				
City of Heath	5.40	5.40	5.40	5.40
Career and Technical Education Center	3.00	3.00	3.00	3.00
Licking County	7.20	7.40	7.40	7.40
Licking County Library	0.00	0.00	0.00	0.00
Licking County Park District	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

2008	2009	2010	2011	2012	2013
48.81	49.30	49.31	49.30	47.60	55.50
5.07	5.20	5.11	5.20	5.05	5.05
1.20	1.20	1.20	1.20	1.20	1.20
<u>55.08</u>	<u>55.70</u>	<u>55.62</u>	<u>55.70</u>	<u>53.85</u>	<u>61.75</u>
5.40	5.40	5.40	5.40	5.65	5.40
2.50	2.50	2.52	2.54	2.48	2.56
7.10	7.40	7.70	7.70	7.70	7.70
0.00	0.00	1.00	1.00	1.00	1.00
0.00	0.00	0.00	0.00	0.00	0.25



Heath City School District

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

		Calendar Year 2013		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$9,933,600	1	3.87%
Southgate Association Limited Partnership	Shopping Center	5,483,800	2	2.14%
Ohio Power Company	Utility Company - Electric	5,420,020	3	2.11%
Wal*Mart Stores, Inc.	Retail Store	2,912,710	4	1.14%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,640,190	5	1.03%
Cross Creek Limited Partnership	Shopping Center	2,614,120	6	1.02%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,427,780	7	0.95%
H&D Holding Company	Development	2,332,260	8	0.91%
Inland Western Heath Southgate LLC	Shopping Center	2,169,410	9	0.85%
Glenwood Apartments LLC	Apartments	2,136,820	10	0.83%
Subtotal		<u>38,070,710</u>		14.85%
All Others		<u>218,351,720</u>		85.15%
Total		<u><u>\$256,422,430</u></u>		<u><u>100.00%</u></u>

		Calendar Year 2004		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$16,687,060	1	7.92%
Southgate Association Limited Partnership	Shopping Center	5,388,020	2	2.56%
Cross Creek Limited Partnership	Shopping Center	3,651,590	3	1.73%
Ohio Power Company	Utility Company - Electric	3,446,830	4	1.64%
Lowe's	Retail	3,407,820	5	1.62%
Heathwood Village Ltd Partnership	Apartments	3,097,820	6	1.47%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,039,620	7	1.44%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,628,010	8	1.25%
Alltel Ohio, Inc.	Utility Company - Telephone	2,219,580	9	1.05%
Chapel Grove Limited	Senior Citizen Condominiums and Assisted Living	1,832,190	10	0.87%
Subtotal		<u>45,398,540</u>		21.55%
All Others		<u>165,243,070</u>		78.45%
Total		<u><u>\$210,641,610</u></u>		<u><u>100.00%</u></u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2013 and 2004

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

Heath City School District

Property Tax Levies and Collections Last Ten Years

Collection Year	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Tax Levy	\$9,516,753	\$9,907,213	\$10,091,936
Collections within the Fiscal Year of the Levy			
Current Tax Collections	8,321,361	8,655,699	9,008,503
Percent of Levy Collected	87.44%	87.37%	89.26%
Delinquent Tax Collections (1)	<u>327,818</u>	<u>329,014</u>	<u>658,186</u>
Total Tax Collections	8,649,179	8,984,713	9,666,689
Percent of Total Tax Collections To Tax Levy	90.88%	90.69%	95.79%
Accumulated Outstanding Delinquent Taxes	867,574	922,501	425,247
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	9.12%	9.31%	4.21%

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.

(1) The County's current computer system is unable to track delinquent tax collections by tax year.

Heath City School District

2007	2008	2009	2010	2011	2012	2013
\$9,201,990	\$9,772,281	\$9,252,238	\$9,420,730	\$9,476,237	\$9,495,631	\$9,003,974
8,585,291	9,568,886	8,929,050	8,385,220	9,196,764	9,149,588	8,709,214
93.30%	97.92%	96.51%	89.01%	97.05%	96.36%	96.73%
204,378	127,549	204,670	336,522	336,523	96,940	3,969
8,789,669	9,696,435	9,133,720	8,721,742	9,533,287	9,246,528	8,713,183
95.52%	99.22%	98.72%	92.58%	100.60%	97.38%	96.77%
412,320	468,915	644,070	698,988	214,485	232,431	183,748
4.48%	4.80%	6.96%	7.42%	2.26%	2.45%	2.04%

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

	2005	2006	2007	2008
Governmental Activities (1)				
Long-Term Notes Payable	\$320,000	\$294,000	\$102,000	\$69,000
General Obligation Bonds Payable	16,829,655	16,885,008	16,448,748	16,041,800
Capital Leases	185,266	139,607	91,314	40,234
Total Primary Government	<u>\$17,334,921</u>	<u>\$17,318,615</u>	<u>\$16,642,062</u>	<u>\$16,151,034</u>
Population (2)				
City of Heath	8,527	8,527	8,527	8,527
Outstanding Debt Per Capita	2,033	2,031	1,952	1,894
Income (3)				
Personal (in thousands)	249,347	260,150	274,237	289,253
Percentage of Personal Income	6.95%	6.66%	6.07%	5.58%

* 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

2009	2010	2011	2012	2013	2014
			*		
\$35,000	\$0	\$0	\$0	\$0	\$0
15,721,702	15,402,557	15,120,402	15,061,386	14,522,171	13,902,047
215,410	169,535	120,833	69,131	64,732	301,989
<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>	<u>\$14,204,036</u>
8,544	8,507	10,310	10,310	10,310	10,310
1,869	1,831	1,478	1,468	1,415	1,378
295,460	291,348	358,520	386,532	410,854	410,854
5.41%	5.34%	4.25%	3.91%	3.55%	3.46%

Heath City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2005	2006	2007	2008
Population ⁽¹⁾	8,527	8,527	8,527	8,527
Assessed Value ⁽²⁾	245,776,650	283,723,280	266,471,770	272,253,870
General Bonded Debt ⁽³⁾				
General Obligation Bonds	16,829,655	16,885,008	16,448,748	16,041,800
Resources Available to Pay Principal ⁽⁴⁾	40,155	404,467	513,213	664,539
Net General Bonded Debt	16,789,500	16,480,541	15,935,535	15,377,261
Ratio of Net Bonded Debt to Assessed Value	6.83%	5.81%	5.98%	5.65%
Net Bonded Debt per Capita	1,968.98	1,932.75	1,868.83	1,803.36

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

2009	2010	2011	2012	2013	2014
8,544	8,507	10,310	10,310	10,310	10,310
250,954,985	249,576,830	249,789,690	252,752,210	255,107,890	256,422,430
15,721,702	15,402,557	15,120,402	15,061,386	14,522,171	13,902,047
797,551	880,415	1,031,216	1,103,745	1,042,575	1,049,893
14,924,151	14,522,142	14,089,186	13,957,641	13,479,596	12,852,154
5.95%	5.82%	5.64%	5.52%	5.28%	5.01%
1,746.74	1,707.08	1,366.56	1,353.80	1,307.43	1,246.57



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2014*

<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	\$12,852,154	100.00%	\$12,852,154
Overlapping:			
City of Heath	2,985,000	93.97%	2,805,005
Career and Technical Education Center	4,115,000	6.53%	268,710
Licking County	14,382,671	6.74%	<u>969,392</u>
		Subtotal	<u>4,043,107</u>
		Total	<u><u>\$16,895,261</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

	2005	2006	2007	2008
Net Assessed Valuation	\$245,776,650	\$283,723,280	\$266,471,770	\$272,253,870
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	22,119,899	25,535,095	23,982,459	24,502,848
Applicable District Debt Outstanding	17,029,655	17,119,008	16,550,748	16,110,800
Less: Applicable Debt Service Fund Amounts (2)	(40,155)	(404,467)	(513,213)	(664,539)
Net Indebtedness Subject to Limitation	<u>16,989,500</u>	<u>16,714,541</u>	<u>16,037,535</u>	<u>15,446,261</u>
Overall Legal Debt Margin	<u>\$5,130,399</u>	<u>\$8,820,554</u>	<u>\$7,944,924</u>	<u>\$9,056,587</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	245,777	283,723	266,472	272,254
Applicable District Debt Outstanding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$245,777</u>	<u>\$283,723</u>	<u>\$266,472</u>	<u>\$272,254</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,211,990	2,553,510	2,398,246	2,450,285
Applicable District Debt Outstanding	<u>(120,000)</u>	<u>(60,000)</u>	<u>0</u>	<u>0</u>
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$2,091,990</u>	<u>\$2,493,510</u>	<u>\$2,398,246</u>	<u>\$2,450,285</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

2009	2010	2011	2012	2013	2014
			*		
\$250,954,985	\$249,576,830	\$249,789,690	\$252,752,210	\$255,107,890	\$256,422,430
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
22,585,949	22,461,915	22,481,072	22,747,699	22,959,710	23,078,019
15,756,702	15,402,557	15,120,402	15,061,386	14,522,171	13,902,047
(797,551)	(880,415)	(1,031,216)	(1,103,745)	(1,042,575)	(1,049,893)
14,959,151	14,522,142	14,089,186	13,957,641	13,479,596	12,852,154
\$7,626,798	\$7,939,773	\$8,391,886	\$8,790,058	\$9,480,114	\$10,225,865
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
250,955	249,577	249,790	252,752	255,108	256,422
0	0	0	0	0	0
\$250,955	\$249,577	\$249,790	\$252,752	\$255,108	\$256,422
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,258,595	2,246,191	2,248,107	2,274,770	2,295,971	2,307,802
0	0	0	0	0	0
\$2,258,595	\$2,246,191	\$2,248,107	\$2,274,770	\$2,295,971	\$2,307,802

Heath City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2004	2005	2006	2007	2008
Population (1)					
City of Heath	8,527	8,527	8,527	8,527	8,544
Licking County	152,866	154,806	155,694	155,694	156,183
Income (2) (a)					
Total Personal (in thousands)	249,347	260,150	274,237	289,253	295,460
Per Capita	29,242	30,509	32,161	33,922	34,581
Unemployment Rate (3)					
Federal	5.5%	5.0%	4.6%	4.6%	5.8%
State	6.0%	5.9%	5.5%	5.6%	6.6%
Licking County	5.9%	5.8%	5.1%	5.2%	6.1%
Fiscal Year	2005	2006	2007	2008	2009
School Enrollment (4)					
Grades K - 2	382	382	358	379	382
Grades 3 - 5	375	429	434	435	432
Grades 6 - 8	402	412	418	395	436
Grades 9 - 12	421	458	484	487	472
JVS	63	39	45	47	53
Total	<u>1,643</u>	<u>1,720</u>	<u>1,739</u>	<u>1,743</u>	<u>1,775</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 (2013 not available), Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Heath City School District

2009	2010	2011	2012	2013
8,507	10,310	10,310	10,310	10,310
158,488	166,492	166,983	167,537	167,537
291,348	358,520	386,532	410,854	410,854
34,248	34,774	37,491	39,850	39,850
9.3%	9.6%	8.9%	8.1%	7.4%
10.2%	10.1%	8.6%	7.2%	7.4%
9.3%	9.5%	8.0%	6.5%	6.9%
2010	2011	2012	2013	2014
370	345	325	329	365
398	384	364	368	376
416	437	422	426	388
445	431	430	436	464
52	55	56	55	48
<u>1,681</u>	<u>1,652</u>	<u>1,597</u>	<u>1,614</u>	<u>1,641</u>



Heath City School District

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2013	
		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		<u>3,258</u>	

Employer	Nature of Business	2004	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	940	1
Arvin/Meritor	Manufacturing	606	2
Kaiser Aluminum & Chemical Co.	Manufacturing	253	3
Wal-Mart Stores	Retail Sales	178	4
Heath Nursing Home	Health Care	185	5
Kroger	Retail/Grocery	123	6
Lowe's Home Center	Retail Sales	114	7
Englefield Oil	Petroleum Products	145	8
Heath City Schools	Education	166	9
Sears	Retail Sales	51	10
Total		<u>2,761</u>	

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</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	106.00	106.00	105.00	105.00	106.00
Student Services					
Guidance Counselors	3.50	3.50	3.50	3.00	3.50
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	11.00	11.00	11.00	11.00	11.00
Tutors/Aides	6.00	6.00	6.00	2.00	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>176.50</u>	<u>176.50</u>	<u>175.50</u>	<u>171.00</u>	<u>172.50</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

2010	2011	2012	2013	2014
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	2.00
106.00	104.00	102.00	100.00	104.00
3.50	3.50	2.50	1.00	1.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	1.00	1.00
11.00	11.00	11.00	11.00	11.00
2.00	2.00	2.00	1.00	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>170.50</u>	<u>167.50</u>	<u>162.00</u>	<u>167.00</u>

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2005	2006	2007	2008
Enrollment	1,643	1,720	1,739	1,743
Modified Accrual Basis				
Operating Expenditures	14,975,872	15,589,424	16,387,129	16,152,925
Cost per Pupil	9,115	9,064	9,423	9,267
Percentage of Change	9.0%	(0.6%)	4.0%	(1.7%)
Accrual Basis (1)				
Expenses	14,087,070	14,743,921	15,347,405	15,490,046
Cost per Pupil	8,574	8,572	8,825	8,887
Percentage of Change	9.4%	(0.02%)	2.96%	0.70%
Teaching Staff	106	106	105	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

2009	2010	2011	2012	2013	2014
1,775	1,681	1,652	1,597	1,614	1,641
16,991,666	17,866,510	17,599,205	17,436,731	17,694,748	17,414,789
9,573	10,629	10,653	10,918	10,963	10,612
3.3%	11.0%	0.2%	2.5%	0.4%	(3.2%)
16,241,554	17,456,264	17,108,447	16,713,393	16,839,524	16,585,008
9,150	10,384	10,356	10,465	10,433	10,107
2.96%	13.49%	(0.27%)	1.06%	(0.31%)	(3.13%)
106	106	104	93	94	100

Heath City School District

Operating Indicators by Function Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
Pupils				
Enrollment	1,643	1,720	1,739	1,743
Graduates	105	107	110	105
Percent of Students with Disabilities	6.1%	6.6%	6.8%	6.7%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	95.50%	95.90%	95.90%	95.10%
Fiscal Services				
Purchase Orders Processed	2,328	2,305	2,161	2,054
Checks Issued (non payroll)	2,512	2,591	2,330	2,269
Operation and Maintenance of Plant				
District Square Footage Maintained	288,868	291,068	291,068	291,068
District Square Miles Maintained	11.2	11.2	11.2	11.2
Pupil Transportation				
Average Daily Students Transported	1,140	1,147	1,147	1,147
Average Daily Bus Fleet Miles	887	898	898	898
Number of Buses	16	16	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Meals Served Annually	85,071	92,164	93,174	155,431
Percent of Free/Reduced Price Meals	22%	23%	24%	33%
Extracurricular Activities				
High School Varsity Teams	14	17	17	17

Source: District Treasurer's Office

Heath City School District

2009	2010	2011	2012	2013	2014
1,775	1,681	1,652	1,597	1,614	1,641
113	110	122	116	112	117
6.3%	6.5%	6.7%	7.0%	7.1%	7.2%
12	12	12	12	12	12
96.10%	94.70%	95.40%	96.40%	96.20%	96.80%
2,149	2,067	2,114	2,116	2,355	2,367
2,316	1,583	2,266	2,242	2,385	2,288
291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,189	1,188	1,195	1,162	1,169	1,181
901	901	901	901	899	900
16	16	16	16	16	16
156,800	156,982	146,579	145,932	142,972	141,109
39%	40%	41%	46%	47%	47%
17	17	17	17	17	17

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2005	2006	2007	2008	2009
Minimum Salary (1)	30,194	31,175	31,175	31,175	32,213
Maximum Salary (1)	66,428	68,585	68,585	68,585	69,258
District Average Salary	45,742	47,058	49,985	50,768	51,571
County Average Salary	45,638	46,289	47,110	49,633	49,961
State Average Salary	49,438	50,772	53,536	53,410	54,656

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	2005	2006	2007	2008	2009
Bachelor's Degree	14	11	10	10	9
Bachelor + 15 (2)	23	25	25	17	18
Master's Degree	50	50	49	53	54
Master's Degree + 15 (2)	10	11	12	12	12
Master's Degree + 30	9	9	9	13	13
Total	106	106	105	105	106

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

Source: District Treasurer's Office

(2) In 2014, the Bachelor's + 15 and Master's + 15 were removed per negotiations.

Heath City School District

2010	2011	2012	2013	2014
33,286	33,286	33,286	33,286	34,118
71,565	71,565	71,565	71,565	73,354
54,130	54,823	54,334	54,057	52,671
51,707	51,585	51,585	51,214	50,858
55,958	56,715	56,715	56,307	55,916

2010	2011	2012	2013	2014
9	7	6	6	27
16	16	9	9	0
56	56	57	56	64
12	12	9	9	0
13	13	12	12	9
106	104	93	92	100

Heath City School District

Capital Asset Statistics by Building Last Ten Years

	2005	2006	2007	2008
Secondary				
Heath High School				
Square Footage	124,740	124,740	124,740	124,740
Capacity (students)	600	600	600	600
Enrollment	484	497	484	534
Middle				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	402	412	418	395
Elementary				
Stevenson Elementary School				
Square Footage	39,619	42,337	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	375	429	434	435
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	420	450	450	450
Enrollment	382	382	358	379
All Other				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	14	14	14	13
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

2009	2010	2011	2012	2013	2014
124,740	124,740	124,740	124,740	124,740	124,740
600	600	600	600	600	600
525	497	486	497	497	512
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
436	416	437	416	416	388
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
432	398	384	398	398	376
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
382	370	345	370	370	365
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	13	13	13	12
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

	2005	2006	2007	2008	2009
ACT Scores (Average)					
Heath	22.0	21.3	N/A	21.7	21.8
Ohio	21.4	21.5	21.6	21.6	21.7
National	20.9	21.1	21.2	21.2	21.3
Cost per Student (ODE) (1)					
Heath	7,318	8,107	8,138	8,260	8,060
Ohio (Average)	9,051	9,355	9,586	9,939	10,184
Cost to Educate a Graduate					
Heath	113,075	116,263	137,140	152,020	141,383
Ohio (Average)	88,133	89,779	99,365	109,945	110,543
Attendance Rate					
Heath	95.50%	95.90%	95.40%	95.10%	95.20%
Ohio (Average)	95.20%	94.10%	94.10%	94.20%	94.30%
Graduation Rate					
Heath	96.50%	96.20%	90.10%	99.10%	93.70%
Ohio (Average)	85.90%	86.20%	86.10%	86.20%	84.60%

Source:

District's Student Records and Ohio Department of Education

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

Heath City School District

2010	2011	2012	2013	2014
22.0	21.9	21.8	21.7	21.8
21.7	21.7	21.6	21.7	21.7
21.3	21.3	21.3	21.3	21.4
10,480	10,677	9,136	10,961	10,981
10,335	10,538	10,571	10,575	10,597
160,154	157,488	156,258	156,852	15,598
112,969	114,346	114,966	115,346	115,946
94.70%	95.40%	95.60%	96.10%	96.70%
94.30%	94.40%	94.20%	94.30%	94.40%
99.30%	96.50%	95.80%	95.90%	96.20%
83.00%	83.30%	83.80%	83.70%	84.10%

