

**HEATH CITY SCHOOL DISTRICT**

**LICKING COUNTY**

**SINGLE AUDIT**

**JULY 1, 2006 - JUNE 30, 2007**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Heath City School District, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 8, 2008

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**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

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**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass thru Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education:</i>						
Food Donation	N/A	10.550	\$ -	\$ 51,498	\$ -	\$ 51,498
National School Lunch Program	LL-P4-06,07	10.555	<u>130,816</u>	<u>-</u>	<u>130,816</u>	<u>-</u>
<b>Total U.S. Department of Agricultur</b>			<u>130,816</u>	<u>51,498</u>	<u>130,816</u>	<u>51,498</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1-06,07	84.010	212,335	-	258,025	-
Special Education-Grants to States	6B-SF-06,07	84.027	313,592	-	344,942	-
Safe and Drug Free Schools and Communities-State Grants	DR-S1-06,07	84.186	10,302	-	10,258	-
State Grants for Innovative Programs	C2-S1-06,07	84.298	2,357	-	1,868	-
Education Technology State Grants	TJ-S1-06,07	84.318	1,588	-	3,117	-
Improving Teacher Quality State Grants	TR-S1-06,07	84.367	<u>23,550</u>	<u>-</u>	<u>21,391</u>	<u>-</u>
<b>Total U.S. Department of Educatioi</b>			<u>563,724</u>	<u>-</u>	<u>639,601</u>	<u>-</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u>\$ 694,540</u>	<u>\$ 51,498</u>	<u>\$ 770,417</u>	<u>\$ 51,498</u>

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

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C - TRANSFERS**

During 2007, the Ohio Department of Education (ODE) authorized the District to transfer unneeded funds to other grants as well as carryover monies from the prior fiscal year to the current fiscal year. Authorized transfers and carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the transfers/carryovers is as follows:

CFD Number	Program Title	Pass-Through Entity Number	Transfers Out	Transfers In
84.010	Title I Grants to Local Educational Agencies	C1-S1-06,07	\$ -	\$ 15,500
84.186	Safe and Drug Free Schools and Communities	DR-S1-06,07	-	4,000
84.367	Improving Teacher Quality State Grants	TR-S1-06,07	<u>19,500</u>	<u>-</u>
		Total	\$ <u>19,500</u>	\$ <u>19,500</u>



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio (the District) as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

*Wilson, Shannon & Snow, Inc.*

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Heath City School District  
Licking County  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*  
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We consider the deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-006.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings 2007-001 through 2007-006 are also material weaknesses.

We also noted a certain internal control matter that we reported to the District's management in a separate letter dated December 21, 2007.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are included in the accompanying Schedule of Findings as items 2007-001 through 2007-005.

We also noted a certain matter of noncompliance that we reported to the District's management in a separate letter dated December 21, 2007.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
December 21, 2007



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

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

**Compliance**

We have audited the compliance of the Heath City School District, Licking County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2007. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Heath City School District, Licking County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2007.

**Internal Control over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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Heath City School District  
Licking County  
Report on Compliance with Requirements Applicable  
to Its Major Program and on Internal Control over  
Compliance with OMB Circular A-133 and the Schedule  
of Federal Awards Receipts and Expenditures  
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A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedule of Federal Awards Receipts and Expenditures**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio (the District) as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Wilson, Shannon E Snow, Inc.*

Newark, Ohio  
December 21, 2007

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2007**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Program (list):</b>	Special Education Grants to States\ CFDA 84.027
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2007**

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

Finding Number	2007-001
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Ohio Revised Code Section 5751.21 provides for the Ohio Department of Education, in consultation with the director of budget and management, to calculate and make payments to reimburse school districts for tax losses incurred due to the phase-out of the general tangible personal property tax (TPP). Through FY07, these payments consisted of direct payments that were simply portions of the losses, spread out in three payments during the fiscal year. For fixed sum levy losses, these reimbursements are continuations of the payments made in FY06 and FY07 (unless a bond issue has expired) with 1/3 being paid in August, October and May. Only districts meeting the half-mill threshold receive this reimbursement. In addition, Ohio Revised Code Section 5705.10 provides for distributing of revenue to the proper funds.

We noted the District did not properly allocate the tangible personal property tax loss or the fixed sum levy losses as allocated through the District's school foundation settlement sheets as allocated by the Ohio Department of Education (ODE) in the following amounts:

**Fixed Sum Reimbursement**

<u>Major Funds</u>	<u>Total Fixed Sum Allocation per ODE</u>	<u>Posted by District</u>	<u>Variance</u>
Bond Retirement	\$ 103,299	\$ 34,433	\$(68,866)
General	128,550	197,416	68,866

**Tangible Personal Property Loss Allocation**

<u>Major Funds</u>	<u>Total Tangible Personal Property Allocation per ODE</u>	<u>Posted by District</u>	<u>Variance</u>
Permanent Improvement	\$ 13,412	\$ 3,057	\$(10,355)
General	434,786	445,141	10,355

Upon review of this matter, the Treasurer concurred and this adjustment is reflected in the District's 2007 basic financial statements.

We recommend the District continue to monitor and improve upon existing internal control procedures governing the posting of these monies.

**Officials' Response:**

The Treasurer will review revenue postings to ensure that receipts are properly recorded.

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2007**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Finding Number	2007-002
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Ohio Revised Code Section 3313.46 outlines procedures for bidding and awarding contracts by the Board of Education. When a Board of Education determines to build, enlarge, improve or demolish any school building with a cost in excess of \$25,000, the Board is required to prepare plans and specifications, advertise for bids once a week for at least two consecutive weeks in a newspaper of general circulation prior to the Board receiving bids, and open the bids at the time and place as specified by the Board in the advertisement for bids.

Under Ohio Revised Code Section 3313.46(A), the above requirements do not apply to 1) acquisition of educational materials used for teaching; 2) any item which the Board, by two-thirds vote, determines is available and can be obtained only through a single source; 3) energy conservation measures with two-thirds approval of the Board, and; 4) acquiring computer software or hardware for instructional purposes pursuant to Section 3313.47 (B)(4).

During fiscal year 2007, it was noted the District purchased building security systems through the Ohio Electrical Protection Group totaling \$71,940.41 and nothing came to our attention this contract was competitively bid. In addition, the District contracted with Anytime Roofing & Sheet Metal and expended \$32,895.39 for emergency roof repairs and this was not formally approved by the Board of Education in the minutes as an emergency measure.

We recommend the District develop procedures to ensure that contracts are properly bid and the Board of Education takes the required action regarding emergency purchases.

**Officials' Response:**

The Treasurer will determine all contracts which meet competitive bidding guidelines are approved by the Board of Education.

Finding Number	2007-003
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Ohio Revised Code Section 5705.36 requires that on or about the first day of each fiscal year, the fiscal officer of taxing units are to certify to the county auditor the total amounts from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding fiscal year.

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2007**

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

Finding Number	2007-003 (Continued)
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Estimated receipts for the following funds were omitted from the original certificate of estimated resources certified by the county auditor: Other Grants (fund 019), Data Communication (fund 451), School Net Professional Development (fund 452), Ohio Reads (fund 459), Miscellaneous State Grants (fund 499), IDEA Part B (fund 516), Title I (fund 572), Title V (573), Safe & Drug Free Schools & Communities (584), Telecommunications (588), Improving Teacher Quality (fund 590), and Miscellaneous Federal Grants (fund 599). The District properly posted the intended estimated receipts for the funds listed above to the accounting system; however, these amounts were not certified by the County Auditor.

We recommend the District develop procedures to ensure that the County Auditor receives complete and timely information in order to properly certify receipts for the upcoming fiscal year. Upon the District receiving the amended certificate from the County Auditor, procedures should be implemented to ensure that the amended certificate is complete and no omissions are noted.

**Officials' Response:**

The Treasurer will develop procedures to monitor estimated receipts throughout the fiscal year to determine compliance.

Finding Number	2007-004
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Ohio Revised Code Section 5705.39 states in part that the total appropriation from each fund shall not exceed total estimated resources. It was noted that the following funds had appropriations which exceeded estimated resources at March 31, 2007:

<u>Major and Non-Major Funds</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Noncompliance</u>
General	\$13,134,031	\$13,735,896	\$(601,685)
Other Grant Funds	9,789	9,869	(80)
District Managed Student Activity Funds	119,481	139,328	(19,757)
Data Communication	6,145	13,100	(6,955)
School Net Professional Development	0	2,700	(2,700)
Ohio Reads	0	2,000	(2,000)
Misc. State Grants	0	4,328	(4,328)
Title VI-B	32,950	383,939	(350,989)
Title I	45,690	273,698	(228,008)

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2007**

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

Finding Number	2007-004 (Continued)
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<u>Non-Major Funds</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Noncompliance</u>
Title V: Innovative Education Programs	14	2,371	(2,357)
Drug Free School Grant	256	10,558	(10,302)
Telecommunications	1,016	18,356	(17,340)
Improving Teacher Quality	4,178	19,060	(14,882)
Food Service	570,151	575,230	(5,079)

We also noted that the following funds had appropriations which exceeded estimated resources at June 30, 2007:

<u>Non-Major Funds</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Noncompliance</u>
Title VI-B	\$ 346,542	\$ 350,017	\$ (3,475)
Title I	258,025	260,729	(2,704)
Telecommunications	1,016	18,356	(17,340)

With appropriations exceeding estimated resources, the District is appropriating monies that were not certified by the County Budget Commission. This may result in a fund deficit if not corrected throughout the year.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by comparing adopted appropriations against certified estimated resources on a continual basis, including when the original budget is adopted. If it is determined that estimated resources will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

**Officials' Response**

The Treasurer will develop procedures to monitor estimated receipts throughout the fiscal year to determine compliance.



**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2007**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Finding Number	2007-005
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Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

The District amended appropriations throughout the year, however, the additional revenue was not certified by the County Budget Commission. Thus, appropriations exceeded estimated resources throughout and at the end of the fiscal year (see Finding Number 2007-005 for the listing of funds).

We recommend that the District monitor appropriations and estimated resources and request from the County Budget Commission increases/decreases in estimated resources throughout the year.

**Officials' Response:**

The Treasurer will develop procedures to monitor estimated receipts throughout the fiscal year to determine compliance.

Finding Number	2007-006
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The American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. This standard became effective for audits of financial statements for periods ending on or after December 15, 2006.

The AICPA establishes auditing standards generally accepted in the United States of America that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the auditor to report in writing to management and governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

We identified audit adjustments and unadjusted differences associated with the District not properly recording tax and intergovernmental receipts during the fiscal year.

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2007**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Finding Number	2007-006 (Continued)
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The compilation and presentation of the financial statements and the related footnotes is the responsibility of management. This responsibility remains intact if management decides to outsource this function for efficiency purposes or any other reason.

We recommend that the District develop and continue to monitor internal control procedures associated with the drafting and preparation of the financial statements and footnotes in order to enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. In addition, while developing these procedures management should reduce its reliability on the District's auditors to perform this internal control procedure as auditors must remain independent.

**Officials' Response:**

The Treasurer will continue to monitor the financial reporting process.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.

*HEATH CITY SCHOOL DISTRICT*

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# **Heath City School District**

Heath, Ohio



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007**



**Heath City School District**

***HEATH CITY SCHOOL DISTRICT***

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Heath, Ohio

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
June 30, 2007**

*Prepared by:*

**Mr. Bradley T. Hall  
Treasurer**



**Heath City School District**

**HEATH CITY SCHOOL DISTRICT**

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# **HEATH CITY SCHOOL DISTRICT**

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## *INTRODUCTORY SECTION*

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**Heath City School District**

**Board of Education  
Heath City Schools**



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**Office of the Treasurer**

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

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December 21, 2007

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, 2007 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 principals 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 1,739 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**

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*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2007*

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## **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 evenly paced commercial, industrial, and residential growth continues to favor the City of Heath. During 2006, the Super Wal-Mart expansion was completed as well as new strip centers on S. 30th Street, Hebron Road, and Central Parkway. Combined, these added over 130,000 square feet of commercial floor area plus approximately 150 retail employment positions. Sonics Restaurant, a Walgreen's Drug Store, and a Bob Evans Restaurant opened in 2007 adding 60 employment positions.

Remarkable growth was also seen in the industrial sector due to the availability of over 500 acres of developable ground serviced by a newly installed network of roads and utilities marketed by a highly aggressive and experienced development team consisting of representatives from the Port Authority, Chamber of Commerce, commercial realtors and development companies. In 2006, their combined efforts brought in two manufacturing companies, Samuel ManuTech and UniFacs Steel Works, which constructed over 150,000 square feet of manufacturing space and should by the end of 2007 employ over 100 skilled industrial workers. Another demonstration of how attractive Heath has become to national industry was the transfer from Texas by Boeing of a high-tech radar repair facility. That event too brought an additional number of highly technical positions.

Residential growth, though slowing both nationally and locally, still continued at a steady pace in Heath. Seventy single-family lots were created in two subdivisions, Fox Run and Linnwood Crossing; and a plan review began for a forty-lot addition to The Woodlands.

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

The District voters passed a \$1.3 million renewal levy in May 2007 along with an additional \$1.3 million emergency levy that will be in effect for 3 years. As part of its long-term financial planning, the District will be planning for another levy in 3 years when these expire.

## **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.

## ***HEATH CITY SCHOOL DISTRICT***

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2007***

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During fiscal year 2007, the District focused on the continuing growth in student enrollment. The District's test score performance allowed the Heath City School's to be recognized as an "Effective" district by the Ohio Department of Education. Another area of concern was to replace the boiler system at Garfield Elementary. The District also put in fire alarm systems at Garfield and Stevenson Elementary Schools. In all Cafeteria areas the District put in fire suppressant systems. The District added two additional classrooms at Stevenson Elementary. Along with these items, the City of Heath is currently upgrading their total infrastructure thus causing major issues with transportation.

Future: - During the 2007-2008 school year, the primary concentration will continue to focus on test scores. The District is always trying to improve the test scores and regain our "Excellent" rating. This is how our district is compared with other districts. Also, with the newly implemented diagnostic testing program mandated by the state and the "NO CHILD LEFT BEHIND" Act, districts will focus much of their attention to meeting these standards.

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

- Continue implementation of Technology Plan and State Model Curriculum.
- Offer various classes of summer remediation at no cost to students.
- Strive to reach the goal of 80% on proficiency tests.
- Review all curriculums.
- Increase opportunities of Post-secondary options.
- Implement District wide mapping Academic outcomes.
- Continue to expand technical preparatory opportunities.
- Emphasize DIBELS program K-3 to identify student reading problems.
- Increase student intervention to improve achievement tests and OGT scores.
- In-service staff on data interpretation in regard to OAT OGT testing
- Implement short-cycle assessments to assess student progress

# **HEATH CITY SCHOOL DISTRICT**

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***Letter of Transmittal  
For the Fiscal Year Ended June 30, 2007***

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## **FINANCIAL INFORMATION**

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

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

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

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

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



## **HEATH CITY SCHOOL DISTRICT**

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2007***

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

Investments are made with the primary objectives of:

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

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

**RISK MANAGEMENT** -- The District is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The District is also covered under the State Workers' Compensation Fund. The District makes every effort to monitor insurance costs and related risk of accident to ensure proper fiscal management in this area. Detailed information regarding the risk management activities of the District can be found in footnote 12 of the basic financial statements included within the financial section of this report.

### **OTHER INFORMATION**

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

**AWARDS** -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2006. We believe this, our eighth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

## **HEATH CITY SCHOOL DISTRICT**

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*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2007*

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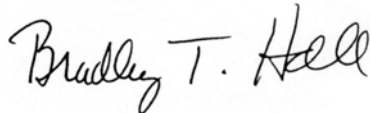
**ACKNOWLEDGMENTS** -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution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

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

Respectfully submitted,



Thomas F. Forman  
Superintendent



Bradley T. Hall  
Treasurer

# HEATH CITY SCHOOL DISTRICT

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## *Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2007*

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### *Members of the Board of Education*

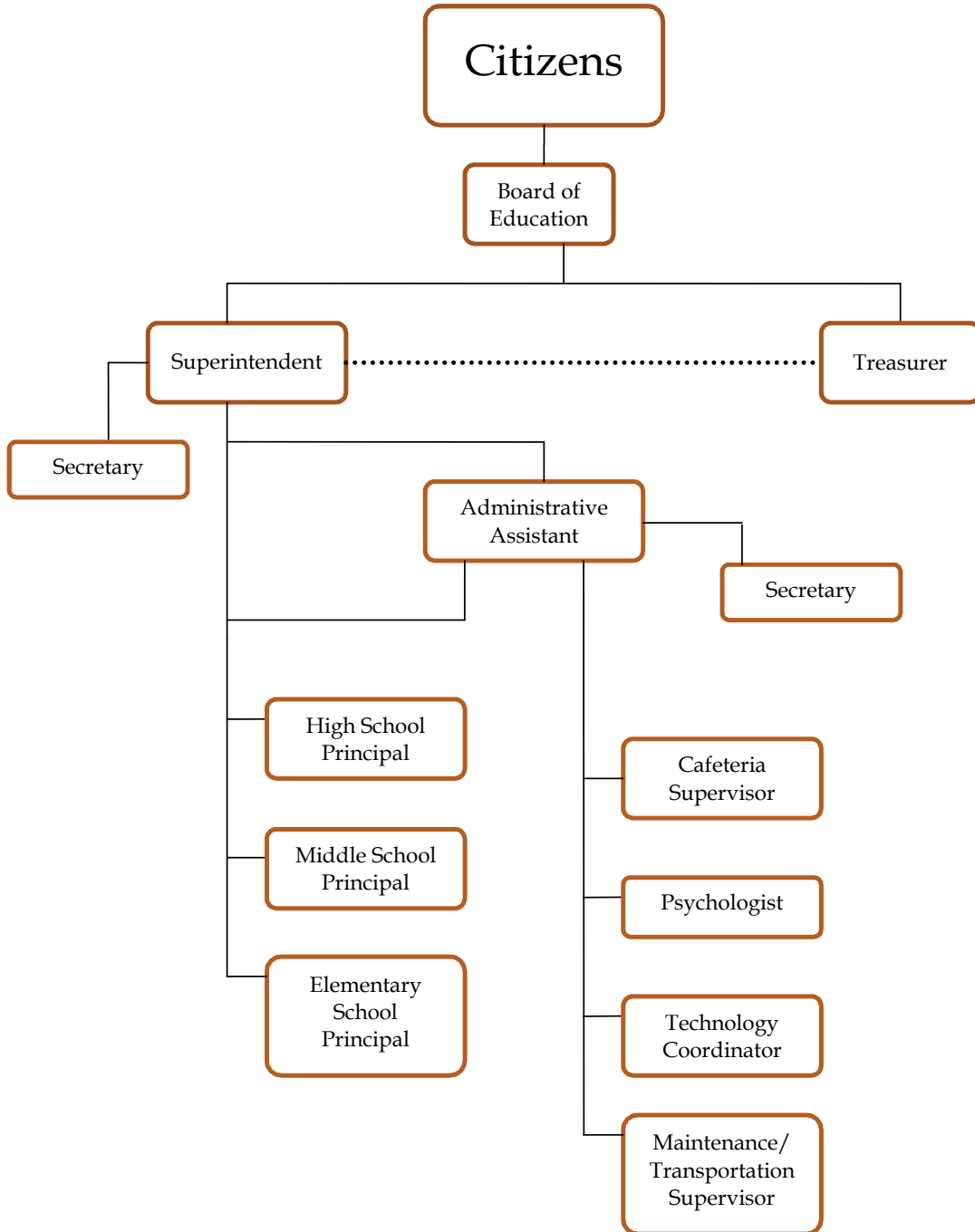
<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Mr. James Roberts	President	10
Mr. James Bowers	Vice president	10
Dr. Michael Gentry	Member	10
Mr. Steven Carson	Member	8
Mr. Gary Wimer	Member	6

### *Administration*

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>	
		<u>Position</u>	<u>Total</u>
Mr. Thomas Forman	Superintendent	2	30
Mr. Bradley T. Hall	Treasurer	12.5	26
Mr. James Forgrave	Assistant Superintendent	1	25

# HEATH CITY SCHOOL DISTRICT

*Organizational Chart  
For the Fiscal Year Ended June 30, 2007*



**HEATH CITY SCHOOL DISTRICT**

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

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**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, 2006

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



President

Executive Director



## *FINANCIAL SECTION*

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**Heath City School District**





## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, (the District) as of and for the fiscal year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of June 30, 2007, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

Heath City School District  
Licking County  
Independent Auditors' Report

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical tables and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, statistical sections and schedules have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
December 21, 2007

# HEATH CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

*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, 2007. 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 2007 are as follows:**

- ❑ In total, net assets decreased \$229,444, which represents a 5.2% decrease from 2006.
- ❑ General revenues accounted for \$14,566,383 in revenue or 90.7% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,490,774 or 9.3% of total revenues of \$16,057,157.
- ❑ The District had \$16,286,601 in expenses related to governmental activities; only \$1,490,774 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$13,008,646 in revenues and \$12,891,494 in expenditures. The general fund's fund balance increased \$102,227 to \$1,163,774.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

### **Government-wide Statements**

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

# HEATH CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

*Unaudited*

---

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007**

**Unaudited**

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The Statement of Net Assets provides a perspective of the District as a whole. The following table provides a summary of the District's net assets for 2007 compared to 2006:

	Governmental Activities		Increase (Decrease)
	2007	Restated 2006	
Current and other assets	\$12,353,890	\$13,241,422	(\$887,532)
Capital assets, Net	18,747,327	19,311,798	(564,471)
Total assets	<u>31,101,217</u>	<u>32,553,220</u>	<u>(1,452,003)</u>
Long-term debt outstanding	17,812,748	18,457,377	(644,629)
Other liabilities	9,088,438	9,666,368	(577,930)
Total liabilities	<u>26,901,186</u>	<u>28,123,745</u>	<u>(1,222,559)</u>
Net assets			
Invested in capital assets, net of related debt	2,893,470	2,564,744	328,726
Restricted	1,801,993	1,730,753	71,240
Unrestricted	(495,432)	133,978	(629,410)
Total net assets	<u>\$4,200,031</u>	<u>\$4,429,475</u>	<u>(\$229,444)</u>

At year-end for governmental activities, capital assets represented 60% 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, 2007 was \$2,893,470. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net assets, \$1,801,993, 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, 2007**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2007 and 2006:

	Governmental Activities	
	2007	2006
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$641,754	\$596,081
Operating Grants and Contributions	849,020	841,478
Capital Grants and Contributions	0	52,500
Total Program Revenues	<u>1,490,774</u>	<u>1,490,059</u>
General Revenues:		
Property Taxes	8,576,802	8,228,836
Grants and Entitlements	5,410,791	4,964,161
Other	578,790	463,143
Total General Revenues	<u>14,566,383</u>	<u>13,656,140</u>
Total Revenues	<u>16,057,157</u>	<u>15,146,199</u>
<b>Program Expenses</b>		
Instruction	8,926,735	8,505,200
Support Services:		
Pupils	799,648	816,256
Instructional Staff	414,699	560,388
Board of Education	9,322	8,668
Administration	1,267,292	1,259,854
Fiscal Services	529,640	497,666
Business	32,881	25,163
Operation and Maintenance of Plant	1,398,886	1,240,473
Pupil Transportation	575,485	549,559
Central	237,093	208,089
Operation of Non-Instructional Services:		
Community Services	6,483	4,458
Food Service Operations	550,878	511,037
Extracurricular Activities	598,363	557,110
Interest and Fiscal Charges	939,196	710,537
Total Expenses	<u>16,286,601</u>	<u>15,454,458</u>
Change in Net Assets	(229,444)	(308,259)
Beginning Net Assets	<u>4,429,475</u>	<u>4,737,734</u>
Ending Net Assets	<u>\$4,200,031</u>	<u>\$4,429,475</u>

# HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007**

**Unaudited**

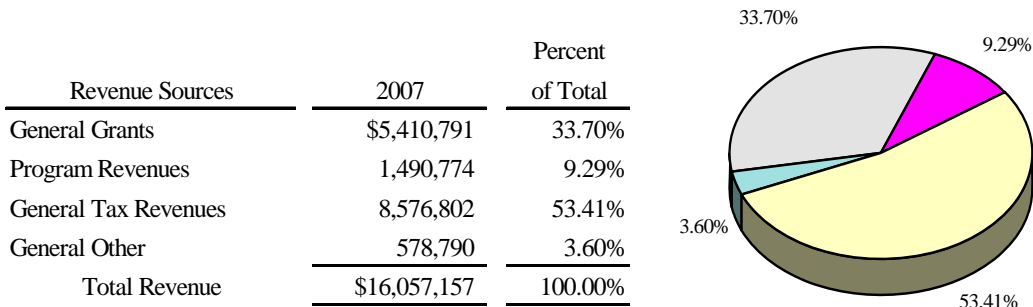
**Governmental Activities**

Net assets of the District's governmental activities decreased by \$229,444. Total governmental expenses of \$16,286,601 were offset by program revenues of \$1,490,774 and general revenues of \$14,566,383. Program revenues supported 9.2% of the total governmental expenses. The primary reason for the decrease in net assets is depreciation exceeding additions of capital assets.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources of general revenue total \$13,987,593 and represent 96.0% 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 53% of revenues for governmental activities for Heath City Schools in fiscal year 2007. The District's reliance upon tax revenues is demonstrated by the following graph:



**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund balance of \$2,765,700, which is above last year's total of \$2,706,692. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2007 and 2006.

	Fund Balance June 30, 2007	Fund Balance June 30, 2006	Increase (Decrease)
General	\$1,163,774	\$1,061,547	\$102,227
Bond Retirement	575,113	477,167	97,946
Permanent Improvement	696,806	857,263	(160,457)
Other Governmental	330,007	310,715	19,292
Total	\$2,765,700	\$2,706,692	\$59,008

## HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

*Unaudited*

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

	2007 Revenues	2006 Revenues	Increase (Decrease)
Taxes	\$7,355,730	\$6,913,685	\$442,045
Tuition	132,640	78,323	54,317
Investment Earnings	144,060	96,073	47,987
Intergovernmental - State	5,169,671	4,860,125	309,546
All Other Revenue	206,545	180,024	26,521
Total	\$13,008,646	\$12,128,230	\$880,416

General Fund revenues in 2007 increased approximately 7.3% compared to revenues in fiscal year 2006. The primary factor contributing to this increase is an increase in taxes as a result of the real estate revaluation in 2005, which increased the second half collections of 2006 and the reimbursement by the State for personal property taxes that are being phased out by HB 66.

	2007 Expenditures	2006 Expenditures	Increase (Decrease)
Instruction	\$7,792,238	\$7,200,313	\$591,925
Supporting Services:			
Pupils	577,762	605,787	(28,025)
Instructional Staff	309,527	375,094	(65,567)
Board of Education	9,322	8,668	654
Administration	1,233,636	1,218,226	15,410
Fiscal Services	495,164	470,100	25,064
Business	12,979	14,560	(1,581)
Operation and Maintenance of Plant	1,364,356	1,177,971	186,385
Pupil Transportation	526,559	708,790	(182,231)
Central	210,411	180,048	30,363
Operation of Non-Instructional Services:			
Food Service Operations	3,093	3,007	86
Extracurricular Activities	283,212	276,779	6,433
Capital Outlay	18,324	170,113	(151,789)
Debt Service:			
Principal Retirement	48,293	45,659	2,634
Interest and Fiscal Charges	6,618	13,252	(6,634)
Total	\$12,891,494	\$12,468,367	\$423,127

The expenditures increased by \$423,127 or 3.4% compared to the prior year. The increase in Instruction was due to increases in salaries and fringe benefits. The increase in Operation and Maintenance of Plant was due to higher than usual repairs that had been postponed in past years. The decrease in Pupil Transportation was due to the purchase of 3 new school busses in 2006. Capital Outlay decreased as a result of replacing old fixtures and equipment at Stevenson Elementary in 2006.



## **HEATH CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007**

**Unaudited**

*Bond Retirement Fund* – This fund has remained consistent compared to the prior year with an increase of \$97,946.

*Permanent Improvement Fund* – The decrease in the Permanent Improvement fund resulted from spending some of the proceeds from the sale of the Fulton Middle School land which occurred in 2005. Additional expenditures were for upgrades to the fire alarm and security systems at the schools, a new boiler for Garfield Elementary and finishing construction of two additional classrooms at Stevenson Elementary.

### **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 2007 the District amended its General Fund budget several times, the increase of \$2.9 million compared to the original budget was in anticipation of retirements of senior staff which did not occur and utility costs for the buildings. The General Fund budget basis revenue of \$13.1 million increased compared to the original budget estimates because taxes and reimbursements from the State were underestimated.

Actual expenditures compared to the final budget resulted is an overall positive variance due to budgeting for retirements which did not occur and lower utility costs than anticipated for fiscal year 2007.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *Capital Assets*

At the end of fiscal 2007 the District had \$18,747,327 net of accumulated depreciation invested in land, buildings, equipment and vehicles. The following table shows fiscal year 2007 and 2006 balances:

	Governmental Activities	Restated 2006	Increase (Decrease)
	2007		
Land	\$438,952	\$438,952	\$0
Land Improvements	2,071,766	2,071,766	0
Buildings and Improvements	21,718,867	21,339,366	379,501
Machinery and Equipment	1,283,106	1,198,608	84,498
Vehicles	893,940	893,940	0
Construction in Progress	0	159,870	(159,870)
Less: Accumulated Depreciation	(7,659,304)	(6,790,704)	(868,600)
Totals	\$18,747,327	\$19,311,798	(\$564,471)

The primary increase occurred in buildings and improvements, which was the result of the District upgrading fire alarm and security systems, purchasing a new boiler for Garfield Elementary and constructing two additional classrooms at Stevenson Elementary School. The District reclassified capital assets between classifications for proper presentation. This did not impact total capital assets reported at July 1, 2006. 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, 2007*

*Unaudited*

## *Debt*

At June 30, 2007, the District had \$17.8 million in general obligation bonds, long-term notes, capital leases and compensated absences outstanding, \$919,867 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Governmental Activities:		
General Obligation Bonds Payable	\$16,448,748	\$16,885,008
Long-Term Notes Payable	102,000	294,000
Capital Leases Payable	91,314	139,607
Compensated Absences	<u>1,170,686</u>	<u>1,138,762</u>
Totals	<u>\$17,812,748</u>	<u>\$18,457,377</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, 2007, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 10.

## **ECONOMIC FACTORS**

The District voters passed a \$1.3 million renewal levy in May 2007 along with an additional \$1.3 million emergency levy that will be in effect for 3 years.

New business that opened during 2007 included Sonics Restaurant, a Walgreen's Drug Store and a Bob Evans Restaurant. Businesses that expanded during 2007, included a Super Wal-Mart, Samuel ManuTech and UniFacs Steel Works. Residential growth has been steady with the creation of seventy lots in two subdivisions.

House Bill 66, passed in 2006, phases out the tax on tangible personal property of general business, telephone and railroads. The tax on general business and railroad property will be eliminated by 2009 and the tax on telephone by 2011. The tax is phased out by reducing the assessment rate on the property each year. The loss and replacement of the tangible personal property revenues has been calculated by the Ohio Department of Taxation using 2004 as the base year. The base year amount is the amount of property tax revenue lost when the tax has been fully phased out. School districts are being "held harmless" and fully reimbursed for lost revenue in the first five years; in the following seven years, the reimbursements are phased out. Even with the direct reimbursement, a District will see no growth from tangible personal property revenues since the payment is calculated on a 2004 base year.

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

## **REQUESTS FOR INFORMATION**

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



## **HEATH CITY SCHOOL DISTRICT**

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### ***Statement of Net Assets*** ***June 30, 2007***

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 2,168,931
Investments	911,982
Receivables:	
Taxes	8,450,261
Intergovernmental	58,312
Interest	24,670
Inventory	5,676
Restricted Assets:	
Cash and Cash Equivalents	518,892
Deferred Charges	215,166
Capital Assets:	
Nondepreciable Capital Assets	438,952
Depreciable Capital Assets, Net	18,308,375
Total Capital Assets, Net	<u>18,747,327</u>
<b>Total Assets</b>	<u><u>31,101,217</u></u>
<b>Liabilities:</b>	
Accounts Payable	40,622
Accrued Wages and Benefits	954,593
Intergovernmental Payable	343,010
Unearned Revenue - Taxes	7,691,125
Early Retirement Incentive Payable	7,412
Accrued Interest Payable	51,676
Long Term Liabilities:	
Due Within One Year	919,867
Due in More Than One Year	16,892,881
<b>Total Liabilities</b>	<u><u>26,901,186</u></u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	2,893,470
Restricted For:	
Capital Projects	728,676
Debt Service	554,425
Other Purposes	518,892
Unrestricted (Deficit)	<u>(495,432)</u>
<b>Total Net Assets</b>	<u><u>\$ 4,200,031</u></u>

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

### *Statement of Activities* *For the Fiscal Year Ended June 30, 2007*

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>				
Instruction	\$ 8,926,735	\$ 217,244	\$ 449,604	\$ (8,259,887)
Support Services:				
Pupils	799,648	36,026	87,661	(675,961)
Instructional Staff	414,699	0	95,977	(318,722)
Board of Education	9,322	0	0	(9,322)
Administration	1,267,292	0	0	(1,267,292)
Fiscal Services	529,640	0	322	(529,318)
Business	32,881	0	5,649	(27,232)
Operation and Maintenance of Plant	1,398,886	0	0	(1,398,886)
Pupil Transportation	575,485	0	0	(575,485)
Central	237,093	0	14,700	(222,393)
Operation of Non-Instructional Services:				
Community Services	6,483	0	7,741	1,258
Food Service Operations	550,878	291,284	187,366	(72,228)
Extracurricular Activities	598,363	97,200	0	(501,163)
Interest and Fiscal Charges	939,196	0	0	(939,196)
<b>Total Governmental Activities</b>	<b>\$ 16,286,601</b>	<b>\$ 641,754</b>	<b>\$ 849,020</b>	<b>(14,795,827)</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				7,012,225
Debt Service				1,435,903
Capital Outlay				128,674
Grants and Entitlements not Restricted to Specific Programs				5,410,791
Investment Earnings				223,690
Miscellaneous				355,100
<b>Total General Revenues</b>				<b>14,566,383</b>
Change in Net Assets				(229,444)
Net Assets Beginning of Year				4,429,475
Net Assets End of Year				<b>\$ 4,200,031</b>

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 616,262	\$ 513,213	\$ 675,861	\$ 363,595	\$ 2,168,931
Investments	911,982	0	0	0	911,982
Receivables:					
Taxes	6,882,661	1,347,248	220,352	0	8,450,261
Intergovernmental	0	0	0	58,312	58,312
Interest	24,670	0	0	0	24,670
Inventory	0	0	0	5,676	5,676
Restricted Assets:					
Cash and Cash Equivalents	518,892	0	0	0	518,892
<b>Total Assets</b>	<b>\$ 8,954,467</b>	<b>\$ 1,860,461</b>	<b>\$ 896,213</b>	<b>\$ 427,583</b>	<b>\$ 12,138,724</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 36,830	\$ 0	\$ 855	\$ 2,937	\$ 40,622
Accrued Wages and Benefits	885,065	0	0	69,528	954,593
Intergovernmental Payable	317,899	0	0	25,111	343,010
Deferred Revenue - Taxes	6,463,761	1,285,348	198,552	0	7,947,661
Deferred Revenue	5,890	0	0	0	5,890
Early Retirement Incentive Payable	7,412	0	0	0	7,412
Compensated Absences Payable	73,836	0	0	0	73,836
<b>Total Liabilities</b>	<b>7,790,693</b>	<b>1,285,348</b>	<b>199,407</b>	<b>97,576</b>	<b>9,373,024</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	200,161	0	101,582	36,988	338,731
Reserved for Supplies Inventory	0	0	0	5,676	5,676
Reserved for Debt Service	0	513,213	0	0	513,213
Reserved for Property Taxes	418,900	61,900	21,800	0	502,600
Statutory Reserves	518,892	0	0	0	518,892
Unreserved, Designated for Budget Stabilization	10,026	0	0	0	10,026
Unreserved, Undesignated in:					
General Fund	15,795	0	0	0	15,795
Special Revenue Funds	0	0	0	261,747	261,747
Capital Projects Funds	0	0	573,424	25,596	599,020
<b>Total Fund Balances</b>	<b>1,163,774</b>	<b>575,113</b>	<b>696,806</b>	<b>330,007</b>	<b>2,765,700</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,954,467</b>	<b>\$ 1,860,461</b>	<b>\$ 896,213</b>	<b>\$ 427,583</b>	<b>\$ 12,138,724</b>

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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### ***Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2007***

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<b>Total Governmental Fund Balances</b>	\$ 2,765,700
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	18,747,327
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	262,426
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-Term Notes Payable	(102,000)
General Obligation Bonds Payable	(15,543,704)
Deferred Loss on refunding (to be amortized over life of debt)	825,126
Deferred Charge for Issuance Costs (to be amortized over life of debt)	215,166
Issuance Premium (to be amortized over life of debt)	(1,157,131)
Interest Accretion (to be amortized as interest expense)	(573,039)
Capital Leases Payable	(91,314)
Compensated Absences Payable	(1,096,850)
Accrued Interest Payable	(51,676)
	<u>(17,575,422)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u>\$ 4,200,031</u></b>

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, 2007

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local Sources:					
Taxes	\$ 7,355,730	\$ 1,479,339	\$ 138,387	\$ 0	\$ 8,973,456
Tuition	132,640	0	0	0	132,640
Food Services	0	0	0	291,284	291,284
Investment Earnings	144,060	0	55,660	24,921	224,641
Extracurricular Activities	0	0	0	97,200	97,200
Class Materials and Fees	0	0	0	80,984	80,984
Intergovernmental - State	5,169,671	196,962	27,213	41,792	5,435,638
Intergovernmental - Federal	0	0	0	804,350	804,350
All Other Revenue	206,545	1,647	5,185	201,117	414,494
<b>Total Revenues</b>	<b>13,008,646</b>	<b>1,677,948</b>	<b>226,445</b>	<b>1,541,648</b>	<b>16,454,687</b>
<b>Expenditures:</b>					
Current:					
Instruction	7,792,238	0	106,664	551,613	8,450,515
Supporting Services:					
Pupils	577,762	0	0	202,534	780,296
Instructional Staff	309,527	0	0	82,987	392,514
Board of Education	9,322	0	0	0	9,322
Administration	1,233,636	0	0	0	1,233,636
Fiscal Services	495,164	23,766	4,563	1,001	524,494
Business	12,979	0	0	19,902	32,881
Operation and Maintenance of Plant	1,364,356	0	0	7,539	1,371,895
Pupil Transportation	526,559	0	0	0	526,559
Central	210,411	0	0	9,718	220,129
Operation of Non-Instructional Services:					
Community Services	0	0	0	6,483	6,483
Food Service Operations	3,093	0	0	500,461	503,554
Extracurricular Activities	283,212	0	0	146,493	429,705
Capital Outlay	18,324	0	275,675	0	293,999
Debt Service:					
Principal Retirement	48,293	907,000	0	0	955,293
Interest and Fiscal Charges	6,618	649,236	0	0	655,854
<b>Total Expenditures</b>	<b>12,891,494</b>	<b>1,580,002</b>	<b>386,902</b>	<b>1,528,731</b>	<b>16,387,129</b>



## **HEATH CITY SCHOOL DISTRICT**

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	117,152	97,946	(160,457)	12,917	67,558
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	75	0	0	0	75
Transfers In	0	0	0	15,000	15,000
Transfers Out	(15,000)	0	0	0	(15,000)
<b>Total Other Financing Sources (Uses)</b>	(14,925)	0	0	15,000	75
Net Change in Fund Balances	102,227	97,946	(160,457)	27,917	67,633
<b>Fund Balances at Beginning of Year</b>	1,061,547	477,167	857,263	310,715	2,706,692
Decrease in Inventory Reserve	0	0	0	(8,625)	(8,625)
<b>Fund Balances End of Year</b>	\$ 1,163,774	\$ 575,113	\$ 696,806	\$ 330,007	\$ 2,765,700

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	67,633
<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.		(564,471)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(397,605)
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		955,293
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		8,561
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	1,673	
Interest Accretion	(229,807)	
Amortization of Deferred Loss on Refunding	(117,876)	
Amortization of Deferred Charge for Bond Issuance Costs	(13,163)	
Amortization of Premium on Bond Issuance	68,943	
Change in Inventory	(8,625)	(298,855)
<b><i>Change in Net Assets of Governmental Activities</i></b>		<b><u>\$ (229,444)</u></b>

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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 6,800,000	\$ 7,409,185	\$ 7,439,130	\$ 29,945
Tuition	77,000	132,645	132,640	(5)
Investment Earnings	75,000	126,500	127,468	968
Intergovernmental - State	4,479,862	5,249,315	5,169,671	(79,644)
All Other Revenues	192,125	206,387	206,545	158
Total Revenues	<u>11,623,987</u>	<u>13,124,032</u>	<u>13,075,454</u>	<u>(48,578)</u>
<b>Expenditures:</b>				
Current:				
Instruction	6,464,328	8,074,956	7,742,808	332,148
Support Services:				
Pupils	563,644	674,080	613,863	60,217
Instructional Staff	273,351	405,647	322,097	83,550
Board of Education	23,205	24,459	9,322	15,137
Administration	1,152,422	1,424,404	1,269,361	155,043
Fiscal Services	486,682	540,650	498,112	42,538
Business	20,187	19,117	12,920	6,197
Operation and Maintenance of Plant	1,371,248	1,809,647	1,504,053	305,594
Pupil Transportation	400,473	593,572	524,485	69,087
Central	216,425	242,999	212,237	30,762
Food Services	3,124	3,124	3,078	46
Extracurricular Activities	284,166	327,138	282,709	44,429
Capital Outlay	8,200	23,200	18,324	4,876
Total Expenditures	<u>11,267,455</u>	<u>14,162,993</u>	<u>13,013,369</u>	<u>1,149,624</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	356,532	(1,038,961)	62,085	1,101,046
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	75	75	0
Transfers Out	0	(15,000)	(15,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(14,925)</u>	<u>(14,925)</u>	<u>0</u>
Net Change in Fund Balance	356,532	(1,053,886)	47,160	1,101,046
Fund Balance at Beginning of Year	1,588,877	1,588,877	1,588,877	0
Prior Year Encumbrances	189,527	189,527	189,527	0
Fund Balance at End of Year	<u>\$ 2,134,936</u>	<u>\$ 724,518</u>	<u>\$ 1,825,564</u>	<u>\$ 1,101,046</u>

See accompanying notes to the basic financial statements

**HEATH CITY SCHOOL DISTRICT**

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**Statement of Net Assets**  
**Fiduciary Funds**  
**June 30, 2007**

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	Private Purpose Trust	
	Special Trust Fund	Agency
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 2,089	\$ 42,612
<b>Total Assets</b>	<u>2,089</u>	<u>42,612</u>
<b>Liabilities:</b>		
Due to Students	0	42,612
<b>Total Liabilities</b>	<u>0</u>	<u>42,612</u>
<b>Net Assets:</b>		
Unrestricted	2,089	0
<b>Total Net Assets</b>	<u>\$ 2,089</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**HEATH CITY SCHOOL DISTRICT**

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**Statement of Changes in Net Assets**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2007**

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	Private Purpose Trust
	Special Trust Fund
<b>Additions:</b>	
Investment Earnings:	
Interest	\$ 122
Total Additions	<u>122</u>
<b>Deductions:</b>	
Community Gifts, Awards and Scholarships	<u>100</u>
Total Deductions	<u>100</u>
Change in Net Assets	22
Net Assets at Beginning of Year	<u>2,067</u>
Net Assets End of Year	<u><u>\$ 2,089</u></u>

See accompanying notes to the basic financial statements

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007*

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### 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 59 noncertified and approximately 111 certified teaching personnel and administrative employees providing education to 1,739 students.

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

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

#### **B. Basis of Presentation - Fund Accounting**

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

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **B. Basis of Presentation - Fund Accounting** (Continued)

The following fund types are used by the District:

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

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

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

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

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

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

#### **C. Basis of Presentation and Measurement Focus - Financial Statements**

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

# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

#### **D. Basis of Accounting**

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



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Basis of Accounting (Continued)**

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2007 operations, have been recorded as unearned revenue. Any grants and entitlements which also may be received before the eligibility requirements are met would also be recorded as unearned revenue. Deferred revenues on the governmental fund financial statements are receivables which will not be collected within the available period.

Current property taxes measurable at June 30, 2007, and which are not intended to finance fiscal 2007 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2007 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

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

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **D. Basis of Accounting** (Continued)

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

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

#### **E. Budgetary Process**

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

All funds other than agency funds are legally required to be budgeted and appropriated; however, only the General Fund and each Major Special Revenue Fund 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. Tax Budget

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

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **E. Budgetary Process** (Continued)

##### 2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2007.

##### 3. Appropriations

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

##### 4. Lapsing of Appropriations

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

# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process (Continued)**

##### **5. Budgetary Basis of Accounting**

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

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

<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>
GAAP Basis (as reported)	\$102,227
Increase (Decrease):	
Accrued Revenues	
at June 30, 2007,	
received during FY 2008	(437,680)
Accrued Revenues	
at June 30, 2006,	
received during FY 2007	504,488
Accrued Expenditures	
at June 30, 2007,	
paid during FY 2008	1,321,042
Accrued Expenditures	
at June 30, 2006,	
paid during FY 2007	(1,221,345)
Encumbrances Outstanding	<u>(221,572)</u>
Budget Basis	<u>\$47,160</u>

#### **F. Cash and Cash Equivalents**

During fiscal year 2007, 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 4, "Cash, Cash Equivalents and Investments."

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **G. Investments**

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

The District has invested funds in the STAR Ohio during 2007. 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, 2007. See Note 4, "Cash, Cash Equivalents and Investments".

#### **H. Inventory**

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

#### **I. Capital Assets and Depreciation**

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

##### **1. Property, Plant and Equipment - Governmental Activities**

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

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

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**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets and Depreciation** (Continued)

2. Depreciation

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

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

**J. Long-Term Obligations**

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

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

**K. Compensated Absences**

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Statutory Purposes are monies set aside for textbooks and budget stabilization of \$518,892 as required by state statute.

The District policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The District did not have net assets restricted by enabling legislation at June 30, 2007.

##### **M. Pensions**

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

##### **N. Interfund Activity**

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Other than transfers, the District has no interfund activity. The effect of the transfers has been eliminated from the government-wide financial statements.

##### **O. Reservations/Designations of Fund Balance**

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

##### **P. Restricted Assets**

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

# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Q. Estimates**

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

#### **R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2007. Special items are transactions or events that within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2007, the District had no special items.

### **NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

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

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

Capital Outlay	\$304,129
Depreciation Expense	(868,600)
	<u>(\$564,471)</u>

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Tax Revenue	(\$396,654)
Decrease in Interest Earnings	(951)
	<u>(\$397,605)</u>

*Amount of bond and lease principal payments:*

Bond Principal Payment	\$715,000
Long-term Notes Payable	192,000
Capital Lease Payment	48,293
	<u>\$955,293</u>



# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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### **NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

#### **A. Deficit Fund Equities**

The fund deficit at June 30, 2007 of \$138 in the Title I Fund (special revenue) 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 requires that appropriations do not exceed estimated revenues. Appropriations exceeded estimated revenues in the following funds at June 30, 2007:

<u>Fund</u>	<u>Excess</u>
Nonmajor Special Revenue Funds:	
Title VI-B Fund	\$ 3,475
Title I Fund	2,704
Telecommunications Fund	17,340

The District also had appropriations exceeding estimated revenues at March 31, 2007 contrary to Ohio Revised Code Section 5705.39. In addition, the District did not properly allocate taxes or intergovernmental revenues, properly certify estimated receipts, or competitively bid certain contracts contrary to Ohio Revised Code Sections 5705.10, 5751.21, 5705.36, and 3313.46, respectively.

### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

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

**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007***

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**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. 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 \$67,515 and the bank balance was \$155,407. Federal deposit insurance covered \$103,600 of the bank balance and \$51,807 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>\$51,807</u>
Total Balance	<u><u>\$51,807</u></u>

## **HEATH CITY SCHOOL DISTRICT**

***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007***

**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments**

The District's investments at June 30, 2007 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u> <u>less than 1</u>
Repurchase Agreements	\$901,102	N/A	\$901,102
STAR Ohio	1,503,243	AAAm <sup>2</sup>	1,503,243
FHLB Bonds	449,512	Aaa <sup>1</sup> , AAA <sup>2</sup>	449,512
FHLB Discount Note	357,703	Aaa <sup>1</sup> , AAA <sup>2</sup>	357,703
FHLMC Discount Note	365,431	Aaa <sup>1</sup> , AAA <sup>2</sup>	365,431
Total Investments	<u>\$3,576,991</u>		<u>\$3,576,991</u>

<sup>1</sup> Moody's Investor Service

<sup>2</sup> Standard & Poor's

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

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 12.6% are FHLB, 10.0% are FHLB Discount Notes and 10.2% 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**

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2007**

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**NOTE 4 - 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	\$2,732,524	\$911,982
Certificates of Deposit (with maturities of more than 3 months)	3,300	(3,300)
Agency Securities (with maturities of less than 3 months)	(263,964)	263,964
Repurchase Agreements	(901,102)	901,102
STAR Ohio	(1,503,243)	1,503,243
Per GASB Statement No. 3	<u>\$67,515</u>	<u>\$3,576,991</u>

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

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2007:

Investments (summarized above)	\$3,576,991
Carrying amount of District's deposits	67,515
Fiduciary Funds - Cash and Investments	<u>(44,701)</u>
Total Governmental Activities - Cash and Investments	<u>\$3,599,805</u>

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **NOTE 5 - 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 collections are received by the District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2007 were levied after April 1, 2006 on assessed values as of January 1, 2006, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 2005. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after April 1, 2006, on the true value as of January 1, 2006. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. The assessment percentage for property, including inventory is 18.75% for 2006. This percentage will be reduced to 12.5% in 2007, 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007**

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**NOTE 5 - PROPERTY TAXES (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2007, upon which the 2006 levies were based, were as follows:

	Assessed Values for Collection in:	
	2006 Second Half	2007 First Half
Agricultural/Residential and Other Real Estate	\$236,666,040	\$236,780,990
Public Utility Personal	6,351,210	6,463,400
Tangible Personal Property	40,706,030	23,227,380
Total Assessed Value	\$283,723,280	\$266,471,770
Tax rate per \$1,000 of assessed valuation	\$50.30	\$49.06

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2007 consisted of taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

**NOTE 7 –TRANSFERS**

Following is a summary of transfers in and out for all funds for fiscal year 2007:

	Transfer In	Transfer Out
General Fund	\$0	\$15,000
Other Governmental Funds	15,000	0
Totals	\$15,000	\$15,000

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

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007

#### NOTE 8 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2007:

<i>Historical Cost:</i>	Restated Balance at June 30, 2006	Additions	Deletions	Balance at Balance at June 30, 2007
Class				
<b><i>Capital Assets not being depreciated:</i></b>				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	159,870	0	(159,870)	0
Subtotal	<u>598,822</u>	<u>0</u>	<u>(159,870)</u>	<u>438,952</u>
<b><i>Capital Assets being depreciated:</i></b>				
Land Improvements	2,071,766	0	0	2,071,766
Buildings and Improvements	21,339,366	379,501	0	21,718,867
Machinery and Equipment	1,198,608	84,498	0	1,283,106
Vehicles	893,940	0	0	893,940
Subtotal	<u>25,503,680</u>	<u>463,999</u>	<u>0</u>	<u>25,967,679</u>
Total Cost	<u>\$26,102,502</u>	<u>\$463,999</u>	<u>(\$159,870)</u>	<u>\$26,406,631</u>
<b><i>Accumulated Depreciation:</i></b>				
Class	Restated Balance at June 30, 2006	Additions	Deletions	Balance at June 30, 2007
Land Improvements	(\$695,079)	(\$88,522)	\$0	(\$783,601)
Buildings and Improvements	(4,831,807)	(654,900)	0	(5,486,707)
Furniture, Fixtures and Equipment	(735,014)	(59,229)	0	(794,243)
Vehicles	(528,804)	(65,949)	0	(594,753)
Total Depreciation	<u>(\$6,790,704)</u>	<u>(\$868,600) *</u>	<u>\$0</u>	<u>(\$7,659,304)</u>
<b><i>Net Value:</i></b>	<u>\$19,311,798</u>			<u>\$18,747,327</u>

\* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$481,541
Support Services:	
Pupils	18,369
Instructional Staff	15,633
Administration	38,059
Fiscal Services	472
Operations and Maintenance of Plant	47,186
Pupil Transportation	45,935
Central	16,254
Operation of Non-Instructional Services:	
Food Service	36,493
Extracurricular Activities	168,658
Total Depreciation Expense	<u>\$868,600</u>



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **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 Employees Retirement System of Ohio (SERS of Ohio)**

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

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on the SERS website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2007, 10.68% was allocated to fund the pension benefit and 3.32% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2007, 2006, and 2005 were \$235,704, \$213,636, and \$200,988, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. The portion of the 2007 employer contribution rate that was used to fund health care for the year 2007 was 3.32%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2007, the minimum pay has been established as \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The amount contributed to fund health care benefits, including the surcharge amounted to \$85,841.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **NOTE 9- DEFINED BENEFIT PENSION PLANS (Continued)**

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

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ended June 30, 2006 (latest information available) were \$158,751,207. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 59,492.

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

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

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **NOTE 9- DEFINED BENEFIT PENSION PLANS (Continued)**

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2007, 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2007, 2006, and 2005 were \$923,604, \$896,376, and \$803,580, respectively, which were equal to the required contributions for each year.

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

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2007, the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$65,971 for the District. The balance of the Health Care Stabilization Fund was \$3.5 billion at June 30, 2006 (latest information available). For the fiscal year ended June 30, 2006, the net health care costs paid by STRS were \$282,743,000. There were 119,184 eligible benefit recipients.

## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007*

#### **NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

The original amounts of the Long-Term Notes Payable of \$1,000,000, \$400,000, and \$164,000 were used to finance the cost of computers and related technological equipment, the cost of acquiring and installing energy conservation measures, and the purchase of a school bus, respectively. 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, 2007 is as follows:

		Balance June 30, 2006	Issued	Retired	Balance June 30, 2007	Due Within One Year
<b>Governmental Activities:</b>						
Long-Term Notes Payable:						
Permanent Improvement	4.70%	\$100,000	\$0	(\$100,000)	\$0	\$0
Energy Conservation Project	4.50%	60,000	0	(60,000)	0	0
School Bus Purchase	3.77%	134,000	0	(32,000)	102,000	33,000
Total Long-Term Notes Payable		<u>294,000</u>	<u>0</u>	<u>(192,000)</u>	<u>102,000</u>	<u>33,000</u>
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	970,000	0	(5,000)	965,000	5,000
School Improvement Bonds	4.35-5.6%	2,948,718	0	(515,000)	2,433,718	540,000
School Improvement Bonds-Refunding	2.75-4.2%	9,844,987	0	(120,000)	9,724,987	140,000
School Improvement Bonds-Refunding	3.6-4%	2,494,999	0	(75,000)	2,419,999	40,000
Subtotal General Obligation Bonds Payable		16,258,704	0	(715,000)	15,543,704	725,000
Premium on Refunding Bonds		1,226,074	0	(68,943)	1,157,131	0
Deferred Loss on Refunding		(943,002)	0	117,876	(825,126)	0
Interest Accretion		343,232	229,807	0	573,039	0
Total General Obligation Bonds Payable		<u>16,885,008</u>	<u>229,807</u>	<u>(666,067)</u>	<u>16,448,748</u>	<u>725,000</u>
Capital Leases		139,607	0	(48,293)	91,314	51,080
Compensated Absences		1,138,762	174,887	(142,963)	1,170,686	110,787
Total Governmental Activities		<u>\$18,457,377</u>	<u>\$404,694</u>	<u>(\$1,049,323)</u>	<u>\$17,812,748</u>	<u>\$919,867</u>

**HEATH CITY SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007**

**NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Principal and Interest Requirements**

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2007, follows:

Years	Long-Term Notes Payable		General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$33,000	\$3,845	\$725,000	\$604,564	\$51,080	\$3,831
2009	34,000	2,601	685,000	573,832	40,234	950
2010	35,000	1,320	740,000	541,072	0	0
2011	0	0	770,000	506,133	0	0
2012	0	0	449,999	850,942	0	0
2013-2017	0	0	2,843,718	4,119,255	0	0
2018-2022	0	0	2,879,987	4,047,285	0	0
2023-2027	0	0	6,285,000	768,947	0	0
2028	0	0	165,000	5,259	0	0
Totals	<u>\$102,000</u>	<u>\$7,766</u>	<u>\$15,543,704</u>	<u>\$12,017,289</u>	<u>\$91,314</u>	<u>\$4,781</u>

**B. Defeased Debt**

In October 2005 and May 2006, the District refunded \$10,000,000 and \$2,495,000 of General Obligation Bonds for School Improvement Series 2000A, dated August 15, 2000, through the issuance of \$9,999,987 and \$2,494,999 of General Obligation Bonds. The net proceeds of the 2005 and 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$12,495,000 at June 30, 2007, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **NOTE 11 - CAPITALIZED LEASES**

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

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2007:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2008	\$54,911
2009	<u>41,184</u>
Minimum Lease Payments	96,095
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(4,781)</u>
Present Value of minimum lease payments	<u><u>\$91,314</u></u>

#### **NOTE 12 - RISK MANAGEMENT**

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

#### **NOTE 12 - 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 Sheakley, Inc. provides administrative, cost control and actuarial services to the GRP. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

#### **NOTE 13 – STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts for textbook and capital acquisition into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget		Total
			Stabilization Designation	Reserve	
Set-aside Cash Balance as of June 30, 2006	\$284,377	(\$2,583,100)	\$10,026	\$67,516	(\$2,221,181)
Current Year Additions	246,056	246,056	0	0	492,112
Current Year Disbursements	(79,057)	(161,187)	0	0	(240,244)
Set-aside Balance at June 30, 2007	<u>\$451,376</u>	<u>(\$2,498,231)</u>	<u>\$10,026</u>	<u>\$67,516</u>	<u>(\$1,969,313)</u>
Balance Carried Forward to FY2008	<u>\$451,376</u>	<u>(\$2,498,231)</u>	<u>\$10,026</u>	<u>\$67,516</u>	<u>(\$1,969,313)</u>
Restricted Cash Balance at June 30, 2007	<u>\$451,376</u>	<u>\$0</u>	<u>\$0</u>	<u>\$67,516</u>	<u>\$518,892</u>

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007***

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#### **NOTE 13 – STATUTORY RESERVES (Continued)**

The District had qualifying disbursements in past years that reduced the set-aside amounts below zero for the Capital Acquisition Reserve and this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The amount restricted for budget stabilization and textbook reserves is \$518,892 and the amount designated for budget stabilization is \$10,026.

#### **NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

*Licking Area Computer Association* - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$86,638 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Cory Thompson, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

#### **NOTE 15 – CONTINGENCIES**

##### **A. Grants**

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2007.

##### **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, 2007.



***HEATH CITY SCHOOL DISTRICT***

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***C*OMBINING AND ***I***NDIVIDUAL ***F***UND  
***S***TATEMENTS AND ***S***CHEDULES**

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

*HEATH CITY SCHOOL DISTRICT*

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# ***HEATH CITY SCHOOL DISTRICT***

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## ***Nonmajor Governmental Funds***

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### ***Special Revenue Funds***

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

#### **Food Service Fund**

To record financial transactions associated with food service operations.

#### **Uniform School Supply Fund**

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

#### **Rotary Fund**

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

#### **Public School Support Fund**

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

#### **Other Grants Fund**

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

#### **District Managed Student Activity Fund**

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

#### **Auxiliary Services Fund**

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

#### **Management Information System Fund**

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

#### **Data Communication Fund**

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

(Continued)

# **HEATH CITY SCHOOL DISTRICT**

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## ***Special Revenue Funds***

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### **SchoolNet Professional Development Fund**

To account for professional development subsidy grants.

### **Interactive Video Distance Learning Grant Fund**

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

### **OhioReads Fund**

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

### **Other State Grants Fund**

To account for various monies from State agencies which are not classified elsewhere.

### **Title VI-B Fund**

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

### **Vocational Education Fund**

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

### **Title I Fund**

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

### **Title V Fund**

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

### **Drug Free Grant Fund**

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

## ***HEATH CITY SCHOOL DISTRICT***

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### ***Special Revenue Funds***

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#### **Telecommunications Fund**

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

#### **Improving Teacher Quality Fund**

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

#### **Other Federal Grants Fund**

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

### ***Capital Projects Funds***

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

#### **Building Fund**

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

#### **Vocational Education Equipment Fund**

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

## **HEATH CITY SCHOOL DISTRICT**

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***Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007***

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	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 337,999	\$ 25,596	\$ 363,595
Receivables:			
Intergovernmental	58,312	0	58,312
Inventory	5,676	0	5,676
<b>Total Assets</b>	<b>\$ 401,987</b>	<b>\$ 25,596</b>	<b>\$ 427,583</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 2,937	\$ 0	\$ 2,937
Accrued Wages and Benefits	69,528	0	69,528
Intergovernmental Payable	25,111	0	25,111
<b>Total Liabilities</b>	<b>97,576</b>	<b>0</b>	<b>97,576</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	36,988	0	36,988
Reserved for Supplies Inventory	5,676	0	5,676
Unreserved, Undesignated in:			
Special Revenue Funds	261,747	0	261,747
Capital Projects Funds	0	25,596	25,596
<b>Total Fund Balances</b>	<b>304,411</b>	<b>25,596</b>	<b>330,007</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 401,987</b>	<b>\$ 25,596</b>	<b>\$ 427,583</b>

## HEATH CITY SCHOOL DISTRICT

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Local Sources:			
Food Services	\$ 291,284	\$ 0	\$ 291,284
Investment Earnings	6,042	18,879	24,921
Extracurricular Activities	97,200	0	97,200
Class Materials and Fees	80,984	0	80,984
Intergovernmental - State	41,792	0	41,792
Intergovernmental - Federal	804,350	0	804,350
All Other Revenue	201,117	0	201,117
<b>Total Revenue</b>	<b>1,522,769</b>	<b>18,879</b>	<b>1,541,648</b>
<b>Expenditures:</b>			
Current:			
Instruction	551,613	0	551,613
Supporting Services:			
Pupils	202,534	0	202,534
Instructional Staff	82,987	0	82,987
Fiscal Services	1,001	0	1,001
Business	19,902	0	19,902
Operation and Maintenance of Plant	0	7,539	7,539
Central	9,718	0	9,718
Operation of Non-Instructional Services:			
Community Services	6,483	0	6,483
Food Service Operations	500,461	0	500,461
Extracurricular Activities	146,493	0	146,493
<b>Total Expenditures</b>	<b>1,521,192</b>	<b>7,539</b>	<b>1,528,731</b>
Excess (Deficiency) of Revenues			
Over Expenditures	1,577	11,340	12,917
<b>Other Financing Sources (Uses):</b>			
Transfers In	15,000	0	15,000
<b>Total Other Financing Sources (Uses)</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>
Net Change in Fund Balance	16,577	11,340	27,917
<b>Fund Balances at Beginning of Year</b>	<b>296,459</b>	<b>14,256</b>	<b>310,715</b>
Decrease in Inventory Reserve	(8,625)	0	(8,625)
<b>Fund Balances End of Year</b>	<b>\$ 304,411</b>	<b>\$ 25,596</b>	<b>\$ 330,007</b>

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007***

	Food Service	Uniform School Supply	Rotary	Public School Support	Other Grants
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 105,765	\$ 56,366	\$ 10,642	\$ 83,399	\$ 8,618
Receivables:					
Intergovernmental	0	0	0	0	0
Inventory	5,676	0	0	0	0
<b>Total Assets</b>	<b>\$ 111,441</b>	<b>\$ 56,366</b>	<b>\$ 10,642</b>	<b>\$ 83,399</b>	<b>\$ 8,618</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 0	\$ 0	\$ 120	\$ 958	\$ 280
Accrued Wages and Benefits	23,399	0	0	0	0
Intergovernmental Payable	24,590	0	0	0	0
<b>Total Liabilities</b>	<b>47,989</b>	<b>0</b>	<b>120</b>	<b>958</b>	<b>280</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	3,135	5,023	120	11,388	2,967
Reserved for Supplies Inventory	5,676	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	54,641	51,343	10,402	71,053	5,371
<b>Total Fund Balances (Deficit)</b>	<b>63,452</b>	<b>56,366</b>	<b>10,522</b>	<b>82,441</b>	<b>8,338</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 111,441</b>	<b>\$ 56,366</b>	<b>\$ 10,642</b>	<b>\$ 83,399</b>	<b>\$ 8,618</b>



**HEATH CITY SCHOOL DISTRICT**

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District Managed Student Activity	Auxiliary Services	Management Information System	Data Communication	SchoolNet Professional Development	Interactive Video Distance Learning Grant
\$ 8,575	\$ 4,348	\$ 6,096	\$ 16,371	\$ 2,594	\$ 101
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 8,575</u>	<u>\$ 4,348</u>	<u>\$ 6,096</u>	<u>\$ 16,371</u>	<u>\$ 2,594</u>	<u>\$ 101</u>
\$ 291	\$ 1,188	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
<u>291</u>	<u>1,188</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
6,912	2,975	3,799	0	126	0
0	0	0	0	0	0
1,372	185	2,297	16,371	2,468	101
<u>8,284</u>	<u>3,160</u>	<u>6,096</u>	<u>16,371</u>	<u>2,594</u>	<u>101</u>
<u>\$ 8,575</u>	<u>\$ 4,348</u>	<u>\$ 6,096</u>	<u>\$ 16,371</u>	<u>\$ 2,594</u>	<u>\$ 101</u>

(Continued)

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007***

	Other State Grants	Title VI-B	Vocational Education	Title I	Title V
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 6,328	\$ 1,600	\$ 396	\$ 0	\$ 504
Receivables:					
Intergovernmental	0	42,017	0	15,673	0
Inventory	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 6,328</b>	<b>\$ 43,617</b>	<b>\$ 396</b>	<b>\$ 15,673</b>	<b>\$ 504</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	30,398	0	15,731	0
Intergovernmental Payable	0	441	0	80	0
<b>Total Liabilities</b>	<b>0</b>	<b>30,839</b>	<b>0</b>	<b>15,811</b>	<b>0</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	0	0	65
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	6,328	12,778	396	(138)	439
<b>Total Fund Balances (Deficit)</b>	<b>6,328</b>	<b>12,778</b>	<b>396</b>	<b>(138)</b>	<b>504</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,328</b>	<b>\$ 43,617</b>	<b>\$ 396</b>	<b>\$ 15,673</b>	<b>\$ 504</b>

**HEATH CITY SCHOOL DISTRICT**

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Drug Free Grant	Telecom- munications	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 300	\$ 14,748	\$ 6,339	\$ 4,909	\$ 337,999
0	0	0	622	58,312
0	0	0	0	5,676
<u>\$ 300</u>	<u>\$ 14,748</u>	<u>\$ 6,339</u>	<u>\$ 5,531</u>	<u>\$ 401,987</u>
\$ 0	\$ 0	\$ 100	\$ 0	\$ 2,937
0	0	0	0	69,528
0	0	0	0	25,111
<u>0</u>	<u>0</u>	<u>100</u>	<u>0</u>	<u>97,576</u>
0	0	478	0	36,988
0	0	0	0	5,676
<u>300</u>	<u>14,748</u>	<u>5,761</u>	<u>5,531</u>	<u>261,747</u>
<u>300</u>	<u>14,748</u>	<u>6,239</u>	<u>5,531</u>	<u>304,411</u>
<u>\$ 300</u>	<u>\$ 14,748</u>	<u>\$ 6,339</u>	<u>\$ 5,531</u>	<u>\$ 401,987</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, 2007

	Food Service	Uniform School Supply	Rotary	Public School Support	Other Grants
<b>Revenues:</b>					
Local Sources:					
Food Services	\$ 291,284	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	5,063	0	360	0	0
Extracurricular Activities	0	0	0	0	0
Class Materials and Fees	0	80,984	0	0	0
Intergovernmental - State	5,052	0	0	0	0
Intergovernmental - Federal	182,314	0	0	0	0
All Other Revenue	8,656	0	7,373	126,937	3,500
<b>Total Revenue</b>	<b>492,369</b>	<b>80,984</b>	<b>7,733</b>	<b>126,937</b>	<b>3,500</b>
<b>Expenditures:</b>					
Current:					
Instruction	0	80,516	9,372	0	4,189
Supporting Services:					
Pupils	0	0	0	104,141	100
Instructional Staff	0	0	0	2,679	0
Fiscal Services	0	0	682	0	0
Business	0	0	0	0	0
Central	0	0	0	5,247	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Food Service Operations	500,461	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<b>500,461</b>	<b>80,516</b>	<b>10,054</b>	<b>112,067</b>	<b>4,289</b>
Excess (Deficiency) of Revenues					
Over Expenditures	(8,092)	468	(2,321)	14,870	(789)
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	(8,092)	468	(2,321)	14,870	(789)
<b>Fund Balances at Beginning of Year</b>	<b>80,169</b>	<b>55,898</b>	<b>12,843</b>	<b>67,571</b>	<b>9,127</b>
Decrease in Inventory Reserve	(8,625)	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 63,452</b>	<b>\$ 56,366</b>	<b>\$ 10,522</b>	<b>\$ 82,441</b>	<b>\$ 8,338</b>

## HEATH CITY SCHOOL DISTRICT

District Managed Student Activity	Auxiliary Services	Management Information System	Data Communication	SchoolNet Professional Development	Interactive Video Distance Learning Grant
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
619	0	0	0	0	0
97,200	0	0	0	0	0
0	0	0	0	0	0
0	8,063	5,649	12,000	2,700	0
0	0	0	0	0	0
38,328	0	0	0	0	0
<u>136,147</u>	<u>8,063</u>	<u>5,649</u>	<u>12,000</u>	<u>2,700</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	319	0	0	0	0
0	0	19,902	0	0	0
0	0	0	1,774	106	0
0	6,483	0	0	0	0
0	0	0	0	0	0
146,493	0	0	0	0	0
<u>146,493</u>	<u>6,802</u>	<u>19,902</u>	<u>1,774</u>	<u>106</u>	<u>0</u>
(10,346)	1,261	(14,253)	10,226	2,594	0
15,000	0	0	0	0	0
<u>15,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4,654	1,261	(14,253)	10,226	2,594	0
3,630	1,899	20,349	6,145	0	101
0	0	0	0	0	0
<u>\$ 8,284</u>	<u>\$ 3,160</u>	<u>\$ 6,096</u>	<u>\$ 16,371</u>	<u>\$ 2,594</u>	<u>\$ 101</u>

(Continued)

## 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, 2007*

	OhioReads	Other State Grants	Title VI-B	Vocational Education	Title I
<b>Revenues:</b>					
Local Sources:					
Food Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Class Materials and Fees	0	0	0	0	0
Intergovernmental - State	2,000	6,328	0	0	0
Intergovernmental - Federal	0	0	355,609	0	228,008
All Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	<b>2,000</b>	<b>6,328</b>	<b>355,609</b>	<b>0</b>	<b>228,008</b>
<b>Expenditures:</b>					
Current:					
Instruction	0	0	209,847	169	245,622
Supporting Services:					
Pupils	0	0	88,066	0	0
Instructional Staff	2,000	0	50,037	0	3,664
Fiscal Services	0	0	0	0	0
Business	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Food Service Operations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<b>2,000</b>	<b>0</b>	<b>347,950</b>	<b>169</b>	<b>249,286</b>
Excess (Deficiency) of Revenues					
Over Expenditures	0	6,328	7,659	(169)	(21,278)
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	0	6,328	7,659	(169)	(21,278)
<b>Fund Balances at Beginning of Year</b>	<b>0</b>	<b>0</b>	<b>5,119</b>	<b>565</b>	<b>21,140</b>
Decrease in Inventory Reserve	0	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 0</b>	<b>\$ 6,328</b>	<b>\$ 12,778</b>	<b>\$ 396</b>	<b>\$ (138)</b>

## HEATH CITY SCHOOL DISTRICT

Title V	Drug Free Grant	Telecom- munications	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 291,284
0	0	0	0	0	6,042
0	0	0	0	0	97,200
0	0	0	0	0	80,984
0	0	0	0	0	41,792
2,357	10,302	0	23,550	2,210	804,350
0	0	16,323	0	0	201,117
<u>2,357</u>	<u>10,302</u>	<u>16,323</u>	<u>23,550</u>	<u>2,210</u>	<u>1,522,769</u>
1,867	31	0	0	0	551,613
0	10,227	0	0	0	202,534
0	0	0	21,490	3,117	82,987
0	0	0	0	0	1,001
0	0	0	0	0	19,902
0	0	2,591	0	0	9,718
0	0	0	0	0	6,483
0	0	0	0	0	500,461
0	0	0	0	0	146,493
<u>1,867</u>	<u>10,258</u>	<u>2,591</u>	<u>21,490</u>	<u>3,117</u>	<u>1,521,192</u>
490	44	13,732	2,060	(907)	1,577
0	0	0	0	0	15,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
490	44	13,732	2,060	(907)	16,577
14	256	1,016	4,179	6,438	296,459
0	0	0	0	0	(8,625)
<u>\$ 504</u>	<u>\$ 300</u>	<u>\$ 14,748</u>	<u>\$ 6,239</u>	<u>\$ 5,531</u>	<u>\$ 304,411</u>

## **HEATH CITY SCHOOL DISTRICT**

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***Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2007***

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	<u>Building</u>	<u>Vocational Education Equipment</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 24,998	\$ 598	\$ 25,596
<b>Total Assets</b>	<u>\$ 24,998</u>	<u>\$ 598</u>	<u>\$ 25,596</u>
<b>Liabilities:</b>			
<b>Total Liabilities</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Fund Balances:</b>			
Unreserved, Undesignated in:			
Capital Projects Funds	<u>24,998</u>	<u>598</u>	<u>25,596</u>
<b>Total Fund Balances</b>	<u>24,998</u>	<u>598</u>	<u>25,596</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 24,998</u>	<u>\$ 598</u>	<u>\$ 25,596</u>



## **HEATH CITY SCHOOL DISTRICT**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2007***

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	<u>Building</u>	<u>Vocational Education Equipment</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>			
Local Sources:			
Investment Earnings	\$ 18,879	\$ 0	\$ 18,879
<b>Total Revenue</b>	<u>18,879</u>	<u>0</u>	<u>18,879</u>
<b>Expenditures:</b>			
Current:			
Supporting Services:			
Operation and Maintenance of Plant	7,539	0	7,539
<b>Total Expenditures</b>	<u>7,539</u>	<u>0</u>	<u>7,539</u>
Excess (Deficiency) of Revenues Over Expenditures	11,340	0	11,340
<b>Fund Balances at Beginning of Year</b>	<u>13,658</u>	<u>598</u>	<u>14,256</u>
<b>Fund Balances End of Year</b>	<u>\$ 24,998</u>	<u>\$ 598</u>	<u>\$ 25,596</u>

## 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, 2007***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,295,678	\$ 1,494,837	\$ 1,490,139	\$ (4,698)
Intergovernmental - State	50,000	128,250	196,962	68,712
All Other Revenues	0	1,647	1,647	0
Total Revenues	<u>1,345,678</u>	<u>1,624,734</u>	<u>1,688,748</u>	<u>64,014</u>
<b>Expenditures:</b>				
Current:				
Support Services:				
Fiscal Services:				
Other Expenditures	0	23,800	23,766	34
Total Support Services	<u>0</u>	<u>23,800</u>	<u>23,766</u>	<u>34</u>
Debt Service:				
Principal Retirement	712,000	907,000	907,000	0
Interest and Fiscal Charges	871,311	676,311	649,236	27,075
Total Debt Service	<u>1,583,311</u>	<u>1,583,311</u>	<u>1,556,236</u>	<u>27,075</u>
Total Expenditures	<u>1,583,311</u>	<u>1,607,111</u>	<u>1,580,002</u>	<u>27,109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(237,633)	17,623	108,746	91,123
Fund Balance at Beginning of Year	404,467	404,467	404,467	0
Fund Balance at End of Year	<u>\$ 166,834</u>	<u>\$ 422,090</u>	<u>\$ 513,213</u>	<u>\$ 91,123</u>

## HEATH CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Capital Projects Fund – Permanent Improvement Fund  
For the Fiscal Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 112,000	\$ 161,625	\$ 131,587	\$ (30,038)
Investment Earnings	38,500	51,100	55,660	4,560
Intergovernmental - State	2,000	26,885	27,213	328
All Other Revenues	200	5,205	5,185	(20)
Total Revenues	<u>152,700</u>	<u>244,815</u>	<u>219,645</u>	<u>(25,170)</u>
<b>Expenditures:</b>				
Instructional Services	37,036	226,272	207,497	18,775
Support Services:				
Fiscal Services	0	4,575	4,563	12
Capital Outlay	213,005	348,005	340,740	7,265
Total Expenditures	<u>250,041</u>	<u>578,852</u>	<u>552,800</u>	<u>26,052</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(97,341)	(334,037)	(333,155)	882
Fund Balance at Beginning of Year	656,538	656,538	656,538	0
Prior Year Encumbrances	250,041	250,041	250,041	0
Fund Balance at End of Year	<u>\$ 809,238</u>	<u>\$ 572,542</u>	<u>\$ 573,424</u>	<u>\$ 882</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, 2007***

<b>FOOD SERVICE FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Food Services	\$ 291,150	\$ 291,284	\$ 134
Investment Earnings	6,000	5,063	(937)
Intergovernmental - State	5,100	5,052	(48)
Intergovernmental - Federal	135,000	130,816	(4,184)
All Other Revenues	<u>8,675</u>	<u>8,656</u>	<u>(19)</u>
Total Revenues	<u>445,925</u>	<u>440,871</u>	<u>(5,054)</u>
<b>Expenditures:</b>			
Non-Instructional Services:			
Food Service Operations	<u>463,972</u>	<u>449,192</u>	<u>14,780</u>
Total Expenditures	<u>463,972</u>	<u>449,192</u>	<u>14,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,047)	(8,321)	9,726
Fund Balance at Beginning of Year	<u>110,951</u>	<u>110,951</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 92,904</u>	<u>\$ 102,630</u>	<u>\$ 9,726</u>

## HEATH CITY SCHOOL DISTRICT

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*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, 2007*

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### UNIFORM SCHOOL SUPPLY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Class Materials and Fees	\$ 82,763	\$ 80,984	\$ (1,779)
Total Revenues	<u>82,763</u>	<u>80,984</u>	<u>(1,779)</u>
<b>Expenditures:</b>			
Instructional Services	<u>133,850</u>	<u>85,692</u>	<u>48,158</u>
Total Expenditures	<u>133,850</u>	<u>85,692</u>	<u>48,158</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,087)	(4,708)	46,379
Fund Balance at Beginning of Year	55,684	55,684	0
Prior Year Encumbrances	<u>367</u>	<u>367</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 4,964</u></u>	<u><u>\$ 51,343</u></u>	<u><u>\$ 46,379</u></u>

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>ROTARY FUND</b>			
<b>Revenues:</b>			
Investment Earnings	\$ 350	\$ 360	\$ 10
All Other Revenues	<u>7,355</u>	<u>7,373</u>	<u>18</u>
Total Revenues	<u>7,705</u>	<u>7,733</u>	<u>28</u>
<b>Expenditures:</b>			
Instructional Services	18,240	9,372	8,868
Support Services:			
Pupils	60	0	60
Fiscal Services	<u>990</u>	<u>742</u>	<u>248</u>
Total Expenditures	<u>19,290</u>	<u>10,114</u>	<u>9,176</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,585)	(2,381)	9,204
Fund Balance at Beginning of Year	<u>12,903</u>	<u>12,903</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,318</u></u>	<u><u>\$ 10,522</u></u>	<u><u>\$ 9,204</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, 2007***

<b>PUBLIC SCHOOL SUPPORT FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>			
All Other Revenues	\$ 129,340	\$ 126,937	\$ (2,403)
Total Revenues	<u>129,340</u>	<u>126,937</u>	<u>(2,403)</u>
<b>Expenditures:</b>			
Support Services:			
Pupils	115,879	110,829	5,050
Instructional Staff	3,148	2,679	469
Central	<u>10,333</u>	<u>9,801</u>	<u>532</u>
Total Expenditures	<u>129,360</u>	<u>123,309</u>	<u>6,051</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(20)	3,628	3,648
Fund Balance at Beginning of Year			
Fund Balance at Beginning of Year	58,322	58,322	0
Prior Year Encumbrances			
Prior Year Encumbrances	<u>9,318</u>	<u>9,318</u>	<u>0</u>
Fund Balance at End of Year			
Fund Balance at End of Year	<u>\$ 67,620</u>	<u>\$ 71,268</u>	<u>\$ 3,648</u>

## HEATH CITY SCHOOL DISTRICT

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***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, 2007***

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<b>OTHER GRANTS FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 3,500	\$ 3,500	\$ 0
Total Revenues	3,500	3,500	0
<b>Expenditures:</b>			
Instructional Services	11,317	7,818	3,499
Support Services:			
Pupils	895	100	795
Fiscal Services	1,077	0	1,077
Total Expenditures	13,289	7,918	5,371
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,789)	(4,418)	5,371
Fund Balance at Beginning of Year	4,784	4,784	0
Prior Year Encumbrances	5,005	5,005	0
Fund Balance at End of Year	\$ 0	\$ 5,371	\$ 5,371



## 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, 2007***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 650	\$ 619	\$ (31)
Extracurricular Activities	97,258	97,200	(58)
All Other Revenues	37,050	38,328	1,278
Total Revenues	<u>134,958</u>	<u>136,147</u>	<u>1,189</u>
<b>Expenditures:</b>			
Extracurricular Activities	153,415	153,405	10
Total Expenditures	<u>153,415</u>	<u>153,405</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,457)	(17,258)	1,199
<b>Other Financing Sources (Uses):</b>			
Transfers In	15,000	15,000	0
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Net Change in Fund Balance	(3,457)	(2,258)	1,199
Fund Balance at Beginning of Year	2,302	2,302	0
Prior Year Encumbrances	1,328	1,328	0
Fund Balance at End of Year	<u>\$ 173</u>	<u>\$ 1,372</u>	<u>\$ 1,199</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, 2007***

<b>AUXILIARY SERVICES FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental - State	\$ 8,100	\$ 8,063	\$ (37)
Total Revenues	<u>8,100</u>	<u>8,063</u>	<u>(37)</u>
<b>Expenditures:</b>			
Support Services:			
Fiscal Services	319	319	0
Community Services	9,544	9,458	86
Total Expenditures	<u>9,863</u>	<u>9,777</u>	<u>86</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,763)	(1,714)	49
Fund Balance at Beginning of Year	1,899	1,899	0
Fund Balance at End of Year	<u>\$ 136</u>	<u>\$ 185</u>	<u>\$ 49</u>

## HEATH CITY SCHOOL DISTRICT

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***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, 2007***

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### MANAGEMENT INFORMATION SYSTEM FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 5,649	\$ 5,649	\$ 0
Total Revenues	5,649	5,649	0
<b>Expenditures:</b>			
Support Services:			
Business	23,701	23,701	0
Total Expenditures	23,701	23,701	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,052)	(18,052)	0
Fund Balance at Beginning of Year	397	397	0
Prior Year Encumbrances	19,952	19,952	0
Fund Balance at End of Year	\$ 2,297	\$ 2,297	\$ 0

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2007***

### DATA COMMUNICATION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 12,000	\$ 12,000	\$ 0
Total Revenues	12,000	12,000	0
<b>Expenditures:</b>			
Support Services:			
Business	12,000	0	12,000
Central	3,100	1,774	1,326
Total Expenditures	15,100	1,774	13,326
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,100)	10,226	13,326
Fund Balance at Beginning of Year	6,145	6,145	0
Fund Balance at End of Year	\$ 3,045	\$ 16,371	\$ 13,326

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 2,700	\$ 2,700	\$ 0
Total Revenues	<u>2,700</u>	<u>2,700</u>	<u>0</u>
<b>Expenditures:</b>			
Support Services:			
Central	2,700	232	2,468
Total Expenditures	<u>2,700</u>	<u>232</u>	<u>2,468</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	0	2,468	2,468
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 2,468</u>	<u>\$ 2,468</u>

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
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>101</u>	<u>101</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 101</u></u>	<u><u>\$ 101</u></u>	<u><u>\$ 0</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, 2007***

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

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 6,328	\$ 6,328	\$ 0
Total Revenues	<u>6,328</u>	<u>6,328</u>	<u>0</u>
<b>Expenditures:</b>			
Instructional Services	<u>6,328</u>	<u>0</u>	<u>6,328</u>
Total Expenditures	<u>6,328</u>	<u>0</u>	<u>6,328</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	6,328	6,328
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 6,328</u></u>	<u><u>\$ 6,328</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, 2007***

<b>TITLE VI-B FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 313,592	\$ 313,592	\$ 0
Total Revenues	313,592	313,592	0
<b>Expenditures:</b>			
Instructional Services	207,716	207,716	0
Support Services:			
Pupils	87,661	87,661	0
Instructional Staff	54,640	49,565	5,075
Total Expenditures	350,017	344,942	5,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,425)	(31,350)	5,075
Fund Balance at Beginning of Year	32,950	32,950	0
Fund Balance at End of Year	\$ (3,475)	\$ 1,600	\$ 5,075

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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<b>VOCATIONAL EDUCATION FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Instructional Services	<u>565</u>	<u>169</u>	<u>396</u>
Total Expenditures	<u>565</u>	<u>169</u>	<u>396</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(565)	(169)	396
Fund Balance at Beginning of Year	<u>565</u>	<u>565</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 396</u></u>	<u><u>\$ 396</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, 2007***

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 212,335	\$ 212,335	\$ 0
Total Revenues	212,335	212,335	0
<b>Expenditures:</b>			
Instructional Services:	257,065	254,361	2,704
Support Services:			
Instructional Staff	3,664	3,664	0
Total Expenditures	260,729	258,025	2,704
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,394)	(45,690)	2,704
Fund Balance at Beginning of Year	45,690	45,690	0
Fund Balance at End of Year	\$ (2,704)	\$ 0	\$ 2,704

## 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, 2007***

	TITLE V FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 2,357	\$ 2,357	\$ 0
Total Revenues	2,357	2,357	0
<b>Expenditures:</b>			
Instructional Services	1,932	1,932	0
Total Expenditures	1,932	1,932	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	425	425	0
Fund Balance at Beginning of Year	14	14	0
Fund Balance at End of Year	\$ 439	\$ 439	\$ 0

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2007***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>DRUG FREE GRANT FUND</b>			
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 10,302	\$ 10,302	\$ 0
Total Revenues	<u>10,302</u>	<u>10,302</u>	<u>0</u>
<b>Expenditures:</b>			
Instructional Services	31	31	0
Support Services:			
Instructional Staff	<u>10,227</u>	<u>10,227</u>	<u>0</u>
Total Expenditures	<u>10,258</u>	<u>10,258</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	44	44	0
Fund Balance at Beginning of Year	256	256	0
Fund Balance at End of Year	<u><u>\$ 300</u></u>	<u><u>\$ 300</u></u>	<u><u>\$ 0</u></u>

## HEATH CITY SCHOOL DISTRICT

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***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, 2007***

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<b>TELECOMMUNICATIONS FUND</b>			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
All Other Revenues	\$ 0	\$ 16,323	\$ 16,323
Total Revenues	0	16,323	16,323
<b>Expenditures:</b>			
Support Services:			
Central	18,356	2,591	15,765
Total Expenditures	18,356	2,591	15,765
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,356)	13,732	32,088
Fund Balance at Beginning of Year	1,016	1,016	0
Fund Balance at End of Year	\$ (17,340)	\$ 14,748	\$ 32,088

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 23,550	\$ 23,550	\$ 0
Total Revenues	<u>23,550</u>	<u>23,550</u>	<u>0</u>
<b>Expenditures:</b>			
Support Services:			
Instructional Staff	21,869	21,869	0
Total Expenditures	<u>21,869</u>	<u>21,869</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,681	1,681	0
Fund Balance at Beginning of Year	3,475	3,475	0
Prior Year Encumbrances	704	704	0
Fund Balance at End of Year	<u>\$ 5,860</u>	<u>\$ 5,860</u>	<u>\$ 0</u>

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>OTHER FEDERAL GRANTS FUND</b>			
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 1,588	\$ 1,588	\$ 0
Total Revenues	<u>1,588</u>	<u>1,588</u>	<u>0</u>
<b>Expenditures:</b>			
Support Services:			
Instructional Staff	3,117	3,117	0
Total Expenditures	<u>3,117</u>	<u>3,117</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,529)	(1,529)	0
Fund Balance at Beginning of Year	6,438	6,438	0
Fund Balance at End of Year	<u>\$ 4,909</u>	<u>\$ 4,909</u>	<u>\$ 0</u>



## **HEATH CITY SCHOOL DISTRICT**

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***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, 2007***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 18,000	\$ 18,879	\$ 879
Total Revenues	<u>18,000</u>	<u>18,879</u>	<u>879</u>
<b>Expenditures:</b>			
Instructional Services	785	781	4
Supporting Services:			
Operation and Maintenance of Plant Services	<u>7,540</u>	<u>7,539</u>	<u>1</u>
Total Expenditures	<u>8,325</u>	<u>8,320</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,675	10,559	884
Fund Balance at Beginning of Year	6,699	6,699	0
Prior Year Encumbrances	<u>7,740</u>	<u>7,740</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,114</u>	<u>\$ 24,998</u>	<u>\$ 884</u>

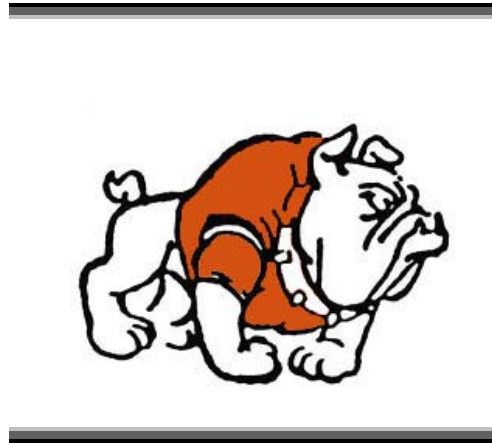
## HEATH CITY SCHOOL DISTRICT

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*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, 2007*

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	598	598	0
Fund Balance at End of Year	<u>\$ 598</u>	<u>\$ 598</u>	<u>\$ 0</u>



## ***HEATH CITY SCHOOL DISTRICT***

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### ***Fiduciary Fund***

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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***

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#### **Student Managed Activity Fund**

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

**HEATH CITY SCHOOL DISTRICT**

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***Statement of Changes in Assets and Liabilities  
Agency Fund  
For the Year Ended June 30, 2007***

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	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<b><u>Student Managed Activity Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$44,222	\$139,067	(\$140,677)	\$42,612
Total Assets	<u>\$44,222</u>	<u>\$139,067</u>	<u>(\$140,677)</u>	<u>\$42,612</u>
Liabilities:				
Due to Students	\$44,222	\$139,067	(\$140,677)	\$42,612
Total Liabilities	<u>\$44,222</u>	<u>\$139,067</u>	<u>(\$140,677)</u>	<u>\$42,612</u>

***HEATH CITY SCHOOL DISTRICT***

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

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**HEATH CITY SCHOOL DISTRICT**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
June 30, 2007***

---

Capital Assets

Land	\$438,952
Land Improvements	2,071,766
Buildings and Improvements	21,718,867
Machinery and Equipment	1,283,106
Vehicles	893,940
	<hr/>
Total Capital Assets	<u><u>\$26,406,631</u></u>

Investment in Capital Assets from:

General Fund	\$5,446,970
Special Revenue Fund	744,881
Capital Project Funds	20,214,780
	<hr/>
Total Investment in Capital Assets	<u><u>\$26,406,631</u></u>

**HEATH CITY SCHOOL DISTRICT**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2007***

---

Function and Activity	Land	Land Improvements	Buildings and Improvements
Instruction	\$0	\$776,618	\$21,017,568
Support Services:			
Instructional Staff	0	0	0
Administration	0	0	116,806
Business	0	0	0
Operation and Maintenance of Plant	0	0	107,000
Pupil Transportation	0	121,739	349,642
Central	0	0	0
Operations of Non-Instructional Services:			
Food Service Operations	0	0	0
Extracurricular Activities	0	1,173,409	127,851
Facility Acquisition and Improvement	438,952	0	0
Total Capital Assets	<u>\$438,952</u>	<u>\$2,071,766</u>	<u>\$21,718,867</u>



**HEATH CITY SCHOOL DISTRICT**

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Machinery and Equipment	Vehicles	Total
\$764,367	\$0	\$22,558,553
220,047	0	220,047
72,587	0	189,393
19,902	0	19,902
5,797	46,677	159,474
9,613	847,263	1,328,257
36,052	0	36,052
65,801	0	65,801
88,940	0	1,390,200
0	0	438,952
<u>\$1,283,106</u>	<u>\$893,940</u>	<u>\$26,406,631</u>

## **HEATH CITY SCHOOL DISTRICT**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity  
For the Fiscal Year Ended June 30, 2007***

Function and Activity	June 30, 2006	Additions	Deletions	June 30, 2007
Instruction	\$22,267,685	\$450,738	(\$159,870)	\$22,558,553
Support Services:				
Instructional Staff	220,047	0	0	220,047
Administration	189,393	0	0	189,393
Business	19,902	0	0	19,902
Operation and Maintenance of Plant	159,474	0	0	159,474
Pupil Transportation	1,328,257	0	0	1,328,257
Central	29,586	6,466	0	36,052
Operations of Non-Instructional Services:				
Food Service Operations	65,801	0	0	65,801
Extracurricular Activities	1,383,405	6,795	0	1,390,200
Facility Acquisition and Improvement	438,952	0	0	438,952
Total Capital Assets	<u>\$26,102,502</u>	<u>\$463,999</u>	<u>(\$159,870)</u>	<u>\$26,406,631</u>

*STATISTICAL SECTION*

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**Heath City School District**

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# HEATH CITY SCHOOL DISTRICT

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## STATISTICAL TABLES

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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

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<b>Financial Trends</b>	S 3 – S 13
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
<b>Revenue Capacity</b>	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, the property tax and the sales tax.	
<b>Debt Capacity</b>	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.	
<b>Economic and Demographic Information</b>	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.	
<b>Operating Information</b>	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. The District implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

***HEATH CITY SCHOOL DISTRICT***

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## *Heath City School District*

*Net Assets by Component  
Last Four Years  
(accrual basis of accounting)*

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

Source: District Treasurer's Office

## *Heath City School District*

*Changes in Net Assets  
Last Four Years  
(accrual basis of accounting)*

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



*Heath City School District*

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2007

\$8,926,735

799,648

414,699

9,322

1,267,292

529,640

32,881

1,398,886

575,485

237,093

6,483

550,878

598,363

939,196

\$16,286,601

\$217,244

36,026

291,284

97,200

849,020

0

1,490,774

(continued)

## *Heath City School District*

*Changes in Net Assets  
Last Four Years  
(accrual basis of accounting)*

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

Source: District Treasurer's Office

*Heath City School District*

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2007

(14,795,827)  
(\$14,795,827)

\$7,012,225  
1,435,903  
128,674

5,410,791  
223,690  
355,100

\$14,566,383

0  
0

(229,444)  
(\$229,444)

**Heath City School District**

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

	1998	1999	2000	2001
General Fund				
Reserved	\$516,862	\$1,588,953	\$645,274	\$1,020,738
Unreserved	(127,109)	(662,177)	(95,381)	(979,517)
<i>Total General Fund</i>	<u>389,753</u>	<u>926,776</u>	<u>549,893</u>	<u>41,221</u>
All Other Governmental Funds				
Reserved	328,388	98,855	153,187	3,530,053
Unreserved, Undesignated in:				
Special Revenue Funds	116,736	108,058	71,234	159,078
Debt Service Funds	0	0	0	(325,000)
Capital Projects Funds	(222,485)	192,755	934,946	12,299,514
Total All Other Governmental Funds	<u>222,639</u>	<u>399,668</u>	<u>1,159,367</u>	<u>15,663,645</u>
<i>Total Governmental Funds</i>	<u><u>\$612,392</u></u>	<u><u>\$1,326,444</u></u>	<u><u>\$1,709,260</u></u>	<u><u>\$15,704,866</u></u>

Source: District Treasurer's Office

*Heath City School District*

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<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$773,197	\$871,544	\$1,058,231	\$1,087,811	\$1,040,193	\$1,137,953
<u>(841,230)</u>	<u>(436,229)</u>	<u>15,056</u>	<u>164,873</u>	<u>21,354</u>	<u>25,821</u>
<u>(68,033)</u>	<u>435,315</u>	<u>1,073,287</u>	<u>1,252,684</u>	<u>1,061,547</u>	<u>1,163,774</u>
1,872,062	183,823	185,735	244,300	734,089	741,159
143,442	135,060	208,146	211,556	247,222	261,747
<u>(162,500)</u>	<u>(37,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>962,485</u>	<u>35,155</u>	<u>24,036</u>	<u>954,517</u>	<u>663,834</u>	<u>599,020</u>
<u>2,815,489</u>	<u>316,538</u>	<u>417,917</u>	<u>1,410,373</u>	<u>1,645,145</u>	<u>1,601,926</u>
<u>\$2,747,456</u>	<u>\$751,853</u>	<u>\$1,491,204</u>	<u>\$2,663,057</u>	<u>\$2,706,692</u>	<u>\$2,765,700</u>

## *Heath City School District*

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

	1998	1999	2000	2001
<b>Revenues:</b>				
Local Sources:				
Taxes	\$5,445,558	\$6,156,123	\$5,695,719	\$6,810,534
Tuition	16,155	42,592	61,129	109,700
Food Service	0	0	0	0
Investment Earnings	121,960	102,924	164,548	1,733,133
Extracurricular Activities	82,074	58,642	54,117	60,091
Class Materials and Fees	0	0	0	0
Intergovernmental - State	2,053,682	2,284,912	2,449,928	2,800,322
Intergovernmental - Federal	111,073	124,894	80,276	210,315
All Other Revenue	125,114	200,961	150,045	180,683
<b>Total Revenue</b>	<b>7,955,616</b>	<b>8,971,048</b>	<b>8,655,762</b>	<b>11,904,778</b>
<b>Expenditures:</b>				
Current:				
Instruction	4,186,690	4,723,553	5,100,814	6,005,364
Supporting Services:				
Pupils	427,074	478,355	510,296	540,511
Instructional Staff	287,335	286,163	356,954	401,606
Board of Education	6,988	16,922	12,831	24,182
Administration	779,186	800,459	903,113	949,301
Fiscal Services	320,081	316,590	387,732	337,232
Business	110,929	16,003	32,435	28,461
Operation and Maintenance of Plant	889,303	919,220	829,811	863,407
Pupil Transportation	239,337	314,317	276,831	448,592
Central	46,123	137,245	112,203	133,836
Operation of Non-Instructional Services				
Community Services	33,909	36,787	50,762	14,972
Food Service Operations <sup>(1)</sup>	0	0	0	0
Extracurricular Activities	180,415	272,077	242,938	305,602
Other Expenditures	3,053	28,957	59,914	74,539
Capital Outlay	2,416	168,713	215,593	3,276,324
Debt Service:				
Principal Retirement	130,000	130,000	160,000	195,000
Interest and Fiscal Charges	74,881	65,233	189,069	1,404,496
<b>Total Expenditures</b>	<b>7,717,720</b>	<b>8,710,594</b>	<b>9,441,296</b>	<b>15,003,425</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	237,896	260,454	(785,534)	(3,098,647)

*Heath City School District*

2002	2003	2004	2005	2006	2007
\$7,315,048	\$7,749,658	\$8,014,207	\$8,217,228	\$8,316,370	\$8,973,456
113,533	111,934	108,289	88,595	78,323	132,640
0	0	280,018	281,668	300,649	291,284
439,605	38,253	23,310	81,707	158,998	224,641
58,882	62,599	63,930	74,588	79,875	97,200
0	0	82,661	80,798	87,092	80,984
3,739,966	4,107,266	4,540,879	4,666,593	5,053,501	5,435,638
169,735	268,179	623,193	748,174	801,138	804,350
170,827	318,297	334,750	588,075	349,000	414,494
<u>12,007,596</u>	<u>12,656,186</u>	<u>14,071,237</u>	<u>14,827,426</u>	<u>15,224,946</u>	<u>16,454,687</u>
6,080,461	6,361,749	6,877,822	7,581,623	7,818,644	8,450,515
570,355	606,857	645,741	809,485	819,120	780,296
421,002	320,171	410,181	417,740	503,159	392,514
10,571	18,195	13,610	11,468	8,668	9,322
994,557	1,009,182	1,077,687	1,162,291	1,218,226	1,233,636
386,531	405,747	460,016	496,274	494,041	524,494
17,890	29,763	31,456	18,637	23,173	32,881
1,113,117	1,540,828	1,364,636	1,182,710	1,184,777	1,371,895
314,004	430,318	350,581	434,537	708,790	526,559
200,225	223,603	218,065	215,024	201,825	220,129
1,326	7,109	4,139	7,582	4,458	6,483
0	0	438,548	473,144	471,141	503,554
320,516	371,122	355,806	376,408	391,195	429,705
43,400	2,481	0	0	0	0
13,226,559	2,096,952	151,606	418,869	370,063	293,999
303,350	325,000	395,000	448,168	595,659	955,293
961,142	946,098	929,204	921,912	776,485	655,854
<u>24,965,006</u>	<u>14,695,175</u>	<u>13,724,098</u>	<u>14,975,872</u>	<u>15,589,424</u>	<u>16,387,129</u>
(12,957,410)	(2,038,989)	347,139	(148,446)	(364,478)	67,558

(Continued)

## *Heath City School District*

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

	1998	1999	2000	2001
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	1,510
General Obligation Notes Issued	0	400,000	0	0
Premium on General Obligation Notes	0	0	0	0
Premium on General Obligation Bonds	0	0	0	694,827
General Obligation Bonds Issued	0	0	1,168,350	16,248,718
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Refunding Bond	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Other Financing Sources - Capital Leases	81,149	0	0	149,198
Transfers In	70,194	479,154	0	37,173
Transfers Out	(70,194)	(479,154)	0	(37,173)
<b>Total Other Financing Sources (Uses)</b>	<u>81,149</u>	<u>400,000</u>	<u>1,168,350</u>	<u>17,094,253</u>
<b>Net Change in Fund Balance</b>	<u>\$319,045</u>	<u>\$660,454</u>	<u>\$382,816</u>	<u>\$13,995,606</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 2.83%	 2.41%	 3.94%	 16.56%

(1) Food Service Operations were reclassified from Business-Type Activity to Governmental Activity in 2004 when the District implemented GASB 34.

Source: District Treasurer's Office



*Heath City School District*

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2002	2003	2004	2005	2006	2007
0	6,846	512	1,321,791	0	75
0	0	0	0	164,000	0
0	0	0	0	5,798	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	12,494,986	0
0	0	0	0	1,275,918	0
0	0	0	0	(13,533,778)	0
0	36,540	238,745	0	0	0
0	37,500	37,500	8,000	15,000	15,000
0	(37,500)	(37,500)	(8,000)	(15,000)	(15,000)
0	43,386	239,257	1,321,791	406,924	75
(\$12,957,410)	(\$1,995,603)	\$586,396	\$1,173,345	\$42,446	\$67,633
12.46%	11.88%	11.04%	10.37%	9.98%	11.13%

## *Heath City School District*

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

<b>Tax year</b>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
			*	
<b>Real Property</b>				
Assessed	\$132,339,250	\$145,418,700	\$169,063,570	\$172,295,770
Actual	378,112,143	415,482,000	483,038,771	492,273,629
<b>Public Utility</b>				
Assessed	7,594,650	8,135,630	7,546,730	7,851,500
Actual	7,594,650	8,135,630	7,546,730	7,851,500
<b>Tangible Personal Property</b>				
Assessed	47,019,450	42,289,650	44,507,210	44,052,160
Actual	188,077,800	169,158,600	178,028,840	176,208,640
<b>Total</b>				
Assessed	186,953,350	195,843,980	221,117,510	224,199,430
Actual	573,784,593	592,776,230	668,614,341	676,333,769
<b>Assessed Value as a Percentage of Actual Value</b>	32.58%	33.04%	33.07%	33.15%
<b>Total Direct Tax Rate</b>	\$43.10	\$43.10	\$43.10	\$48.38

Source: Licking County Auditor

\* Reappraisal

\*\* Update

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

***Heath City School District***

2001	2002 **	2003	2004	2005 *	2006
\$178,918,700	\$195,425,090	\$198,958,880	\$204,143,540	\$236,666,040	\$236,780,990
511,196,286	558,357,400	568,453,943	583,267,257	676,188,686	676,517,114
6,389,920	6,531,640	6,357,200	6,498,070	6,351,210	6,463,400
6,389,920	6,531,640	6,357,200	6,498,070	6,351,210	6,463,400
45,300,500	38,931,420	36,850,610	35,135,040	40,706,030	23,227,380
181,202,000	155,725,680	147,402,440	140,540,160	162,824,120	123,879,360
230,609,120	240,888,150	242,166,690	245,776,650	283,723,280	266,471,770
698,788,206	720,614,720	722,213,583	730,305,487	845,364,016	806,859,874
33.00%	33.43%	33.53%	33.65%	33.56%	33.03%
\$48.22	\$50.52	\$50.10	\$50.20	\$50.30	\$49.06

## *Heath City School District*

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Direct District Rates</b>				
General Fund	41.90	41.90	41.90	41.90
Bond Retirement Fund	0.00	0.00	0.00	5.28
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>43.10</u>	<u>43.10</u>	<u>43.10</u>	<u>48.38</u>
<b>Overlapping Rates</b>				
City of Heath	5.40	5.40	5.40	5.40
Career and Technical Education Center	2.00	2.00	2.00	2.00
Licking County	7.20	7.20	7.20	7.20

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**

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2001	2002	2003	2004	2005	2006
41.90	44.50	44.50	44.50	44.50	42.76
5.12	4.82	4.40	4.50	4.60	5.10
1.20	1.20	1.20	1.20	1.20	1.20
48.22	50.52	50.10	50.20	50.30	49.06
5.40	5.40	5.40	5.40	5.40	5.40
2.00	3.00	2.80	3.00	3.00	3.00
7.20	7.20	7.20	7.20	7.40	7.40

## *Heath City School District*

*Principal Taxpayers  
Tangible Personal Property Tax  
Current Year and Eight Years Ago*

Name of Taxpayer	Nature of Business	Calendar Year 2006		
		Assessed Value	Rank	Percent of Total Assessed Value
Meritor Automotive, Inc.	Heavy Truck Axles	\$7,727,620	1	33.27%
Kaiser Aluminum and Chemical Corporation	Aluminum Products	4,086,750	2	17.59%
Marathon Petroleum Corp.	Petroleum Products	2,223,320	3	9.57%
Mathews Ford, Inc.	Automotive Sales and Service	1,340,630	4	5.77%
Lowe's	Home Improvement Center	1,263,680	5	5.44%
Wal*Mart Stores, Inc.	Retail Store	1,079,470	6	4.65%
JLH Automotive	Automotive Dealership	890,960	7	3.84%
Boeing Company	Aeronautical Manufacturing	832,830	8	3.59%
Newark Chrysler Plymouth	Automotive Dealership	818,590	9	3.52%
Sears Roebuck & Company	Retail Store	582,600	10	2.51%
Subtotal		20,846,450		89.75%
All Others		2,380,930		10.25%
Total		<u>\$23,227,380</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 1998		
		Assessed Value	Rank	Percent of Total Assessed Value
Meritor Automotive, Inc.	Heavy Truck Axles	\$13,771,960	1	32.57%
Kaiser Aluminum and Chemical Corporation	Aluminum Products	8,257,430	2	19.53%
Wal*Mart Stores, Inc.	Retail Store	1,462,910	3	3.46%
Lowe's	Home Improvement Center	1,229,950	4	2.91%
Koch Materials Company	Manufacturing	1,052,150	5	2.49%
Sears	Retail Store	1,043,000	6	2.47%
Southeastern Equipment Center	Heavy Equipment Rental	1,029,580	7	2.42%
Mathews Ford, Inc.	Automotive Sales and Service	1,019,040	8	2.41%
Ashland Inc.	Petroleum Products	964,490	9	2.28%
Newark Chrysler Plymouth	Automotive Dealership	770,660	10	1.82%
Subtotal		30,601,170		72.36%
All Others		11,688,480		27.64%
Total		<u>\$42,289,650</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings

Based on valuation of property in 2006 and 1998 (information was not available prior to 1998)

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

## *Heath City School District*

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

		Calendar Year 2006		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$14,329,140	1	5.89%
Southgate Association Limited Partnership	Shopping Center	4,234,690	2	1.74%
Inland Western Heath Southgate LLC	Retail	4,167,100	3	1.71%
Ohio Power Company	Utility Company - Electric	3,753,530	4	1.54%
Cross Creek Limited Partnership	Shopping Center	2,761,990	5	1.14%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,643,730	6	1.09%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,520,670	7	1.04%
Lowe's	Retail	2,436,420	8	1.00%
Wal*Mart Stores, Inc.	Retail Store	2,094,020	9	0.86%
H & D Holding Company	Nursing and Convalescent Home	2,024,050	10	0.83%
Subtotal		<u>40,965,340</u>		<u>16.84%</u>
All Others		<u>202,279,050</u>		<u>83.16%</u>
Total		<u><u>\$243,244,390</u></u>		<u><u>100.00%</u></u>
		Calendar Year 1998		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$19,502,390	1	12.70%
Ohio Power Company	Utility Company - Electric	4,748,980	2	3.09%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,794,360	3	2.47%
Cross Creek Limited Partnership	Shopping Center	3,210,240	4	2.09%
Alltel Ohio, Inc.	Utility Company - Telephone	3,134,090	5	2.04%
Heathwood Village Ltd Partnership	Apartments	2,599,930	6	1.69%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,581,010	7	1.68%
Southgate Association Limited Partnership	Shopping Center	2,457,420	8	1.60%
Rockwell/Meritor Heavy Vehicle System	Manufacturer	2,345,000	9	1.53%
National Gas and Oil Corporation	Utility Company - Gas	1,680,080	10	1.10%
Subtotal		<u>46,053,500</u>		<u>29.99%</u>
All Others		<u>107,500,830</u>		<u>70.01%</u>
Total		<u><u>\$153,554,330</u></u>		<u><u>100.00%</u></u>

Source: Licking County Auditor - Land and Buildings

Based on valuation of property in 2006 and 1998 (information was not available prior to 1998)

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*

<b>Collection Year</b>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b>Total Tax Levy</b>	\$5,362,353	\$5,855,193	\$6,467,714
<b>Collections within the Fiscal Year of the Levy</b>			
Current Tax Collections	5,649,147	5,436,190	5,303,187
Percent of Levy Collected	105.35%	92.84%	81.99%
Delinquent Tax Collections <sup>(1)</sup>	<u>86,162</u>	<u>198,193</u>	<u>104,776</u>
Total Tax Collections	5,735,309	5,634,383	5,407,963
<b>Percent of Total Tax Collections To Tax Levy</b>	106.96%	96.23%	83.61%
<b>Accumulated Outstanding Delinquent Taxes</b>	186,266	228,252	1,059,752
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	3.47%	3.90%	16.39%

(1) The County does not identify delinquent tax collections by tax year.

Source: Licking County Auditor's Office

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



*Heath City School District*

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2000	2001	2002	2003	2004	2005	2006
\$6,782,280	\$8,214,783	\$8,111,945	\$9,449,244	\$9,516,753	\$9,907,213	\$10,091,936
6,384,904	7,687,500	7,264,837	8,456,846	8,321,361	8,655,699	9,008,503
94.14%	93.58%	89.56%	89.50%	87.44%	87.37%	89.26%
100,674	154,855	175,228	128,238	327,818	329,014	658,186
6,485,578	7,842,355	7,440,065	8,585,084	8,649,179	8,984,713	9,666,689
95.63%	95.47%	91.72%	90.85%	90.88%	90.69%	95.79%
296,702	372,428	671,881	74,160	867,574	922,501	425,247
4.37%	4.53%	8.28%	0.78%	9.12%	9.31%	4.21%

## *Heath City School District*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Governmental Activities (1)</b>				
Long-Term Notes Payable	\$1,035,000	\$1,035,000	\$1,145,000	\$965,000
General Obligation Bonds Payable	0	0	1,168,350	17,423,336
Capital Leases	79,626	64,087	48,993	134,685
Total Primary Government	<u>\$1,114,626</u>	<u>\$1,099,087</u>	<u>\$2,362,343</u>	<u>\$18,523,021</u>
<b>Population (2)</b>				
City of Heath	8,100	8,100	8,527	8,527
Outstanding Debt Per Capita	138	136	277	2,172
<b>Income (3)</b>				
Personal (in thousands)	196,547	201,431	217,848	228,677
Percentage of Personal Income	0.57%	0.55%	1.08%	8.10%

**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*

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2002	2003	2004	2005	2006	2007
\$780,000	\$630,000	\$475,000	\$320,000	\$294,000	\$102,000
17,338,411	17,204,848	17,016,111	16,829,655	16,885,008	16,448,748
103,563	101,022	228,434	185,266	139,607	91,314
<u>\$18,221,974</u>	<u>\$17,935,870</u>	<u>\$17,719,545</u>	<u>\$17,334,921</u>	<u>\$17,318,615</u>	<u>\$16,642,062</u>
8,527	8,527	8,527	8,527	8,527	8,527
2,137	2,103	2,078	2,033	2,031	1,952
232,514	236,701	239,745	249,347	260,150	260,150
7.84%	7.58%	7.39%	6.95%	6.66%	6.40%

## *Heath City School District*

### *Ratios of General Bonded Debt Outstanding Last Eight Years*

Year	2000	2001	2002	2003
<b>Population</b> <sup>(1)</sup>	8,527	8,527	8,527	8,527
<b>Assessed Value</b> <sup>(2)</sup>	\$221,117,510	224,199,430	230,609,120	240,888,150
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$1,168,350	17,423,336	17,338,411	17,204,848
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$91,824	47,890	69,993	34,979
<b>Net General Bonded Debt</b>	\$1,076,526	17,375,446	17,268,418	17,169,869
<b>Ratio of Net Bonded Debt to Assessed Value</b>	0.49%	7.75%	7.49%	7.13%
<b>Net Bonded Debt per Capita</b>	\$126.25	2,037.70	2,025.15	2,013.59

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

**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*

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2004	2005	2006	2007
8,527	8,527	8,527	8,527
242,166,690	245,776,650	283,723,280	266,471,770
17,016,111	16,829,655	16,885,008	16,448,748
7,437	40,155	404,467	513,213
17,008,674	16,789,500	16,480,541	15,935,535
7.02%	6.83%	5.81%	5.98%
1,994.68	1,968.98	1,932.75	1,868.83



## *Heath City School District*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2007*

<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>
<b>Direct:</b>			
Heath City School District	\$16,037,535	100.00%	\$16,037,535
<b>Overlapping:</b>			
City of Heath	4,715,000	94.55%	4,458,033
Licking County	23,161,919	7.31%	1,693,136
		Subtotal	<u>6,151,169</u>
		Total	<u><u>\$22,188,704</u></u>

**Source:** Licking County and Fiscal Officers of Subdivision

## *Heath City School District*

### *Debt Limitations Last Ten Years*

	1998	1999	2000	2001
Net Assessed Valuation	\$186,953,350	\$195,843,980	\$221,117,510	\$224,199,430
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	16,825,802	17,625,958	19,900,576	20,177,949
Applicable District Debt Outstanding	900,000	800,000	18,118,350	18,023,336
Less: Applicable Debt Service Fund Amounts (2)	(203,818)	(36,429)	(91,824)	(47,890)
Net Indebtedness Subject to Limitation	696,182	763,571	18,026,526	17,975,446
Overall Legal Debt Margin	<u>\$16,129,620</u>	<u>\$16,862,387</u>	<u>\$1,874,050</u>	<u>\$2,202,503</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	186,953	195,844	221,118	224,199
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$186,953</u>	<u>\$195,844</u>	<u>\$221,118</u>	<u>\$224,199</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	1,682,580	1,762,596	1,990,058	2,017,795
Applicable District Debt Outstanding	(135,000)	(505,000)	(445,000)	(365,000)
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$1,547,580</u>	<u>\$1,257,596</u>	<u>\$1,545,058</u>	<u>\$1,652,795</u>

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

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



**Heath City School District**

2002	2003	2004	2005	2006	2007
\$230,609,120	\$240,888,150	\$242,166,690	\$245,776,650	\$283,723,280	\$266,471,770
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
20,754,821	21,679,934	21,795,002	22,119,899	25,535,095	23,982,459
17,838,411	17,604,818	17,316,111	17,029,655	17,119,008	16,550,748
(69,993)	(34,979)	(7,437)	(40,155)	(404,467)	(513,213)
<u>17,768,418</u>	<u>17,569,839</u>	<u>17,308,674</u>	<u>16,989,500</u>	<u>16,714,541</u>	<u>16,037,535</u>
<u>\$2,986,403</u>	<u>\$4,110,095</u>	<u>\$4,486,328</u>	<u>\$5,130,399</u>	<u>\$8,820,554</u>	<u>\$7,944,924</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
230,609	240,888	242,167	245,777	283,723	266,472
0	0	0	0	0	0
<u>\$230,609</u>	<u>\$240,888</u>	<u>\$242,167</u>	<u>\$245,777</u>	<u>\$283,723</u>	<u>\$266,472</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,075,482	2,167,993	2,179,500	2,211,990	2,553,510	2,398,246
(280,000)	(230,000)	(175,000)	(120,000)	(60,000)	0
<u>\$1,795,482</u>	<u>\$1,937,993</u>	<u>\$2,004,500</u>	<u>\$2,091,990</u>	<u>\$2,493,510</u>	<u>\$2,398,246</u>

## *Heath City School District*

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	1997	1998	1999	2000	2001
<b>Population</b> (1)					
City of Heath	8,100	8,100	8,527	8,527	8,527
Licking County	135,686	141,393	143,697	145,491	147,397
<b>Income</b> (2) (a)					
Total Personal (in thousands)	196,547	201,431	217,848	228,677	232,514
Per Capita	24,265	24,868	25,548	26,818	27,268
<b>Unemployment Rate</b> (3)					
Federal	4.9%	4.5%	4.2%	3.8%	4.8%
State	4.6%	4.3%	4.3%	3.7%	4.3%
Licking County	3.9%	3.8%	3.8%	3.6%	3.2%
Fiscal Year	1998	1999	2000	2001	2002
<b>School Enrollment</b> (4)					
Grades K - 2	312	333	339	365	352
Grades 3 - 5	352	346	361	367	390
Grades 6 - 8	382	387	392	380	404
Grades 9 - 12	384	429	406	403	416
JVS	41	40	39	51	57
Total	<u>1,471</u>	<u>1,535</u>	<u>1,537</u>	<u>1,566</u>	<u>1,619</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 (2006 not available), Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

*Heath City School District*

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2002	2003	2004	2005	2006
8,527	8,527	8,527	8,527	8,527
148,680	150,634	152,866	154,806	155,694
236,701	239,745	249,347	260,150	260,150
27,759	28,116	29,242	30,509	30,509
5.8%	6.0%	5.5%	5.0%	4.6%
5.7%	6.1%	6.0%	5.9%	5.5%
3.6%	6.0%	5.9%	5.8%	5.1%
2003	2004	2005	2006	2007
363	377	382	382	358
365	377	375	429	434
438	410	402	412	418
457	424	421	458	484
58	53	63	39	45
<u>1,681</u>	<u>1,641</u>	<u>1,643</u>	<u>1,720</u>	<u>1,739</u>



## *Heath City School District*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2006	
		Number of Employees	Rank
Central Ohio Aerospace and Technology Center	Manufacturing	947	1
Arvin/Meritor/Rockwell	Manufacturing	582	2
Kaiser Aluminum and Chemical Corporation	Manufacturing	272	3
Wal*Mart Stores	Retail Sales	446	4
Heath Nursing Home	Health Care	240	5
Kroger	Retail Grocery	194	6
Lowe's Home Center	Retail Sales	193	7
Englefield Oil	Petroleum Products	191	8
Heath City Schools	Education	174	9
Sears	Retail Sales	163	10
Total		<u>3,402</u>	

Employer	Nature of Business	1997	
		Number of Employees	Rank
Central Ohio Aerospace and Technology Center	Manufacturing	1,230	1
Arvin/Meritor/Rockwell	Manufacturing	1,144	2
Kaiser Aluminum and Chemical Corporation	Manufacturing	315	3
Wal*Mart Stores	Retail Sales	225	4
Heath Nursing Home	Health Care	190	5
Heath City Schools	Education	181	6
Sears	Retail Sales	150	7
Englefield Oil	Petroleum Products	145	8
Alltell Ohio, Inc.	Utility Company - Telephone	95	9
Mathews Ford	Automotive Sales and Service	80	10
Total		<u>3,755</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*

	1998	1999	2000	2001	2002
<b>Supervisory</b>					
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
<b>Instruction</b>					
Classroom Teachers	86.00	88.00	96.00	100.00	100.00
<b>Student Services</b>					
Guidance Counselors	3.00	3.00	3.00	3.00	3.00
Psychologists	1.00	1.00	1.00	1.00	1.00
Librarians	4.00	4.00	4.00	2.00	2.00
Other Professionals (noninstructional)					
<b>Support Services</b>					
Clerical/Secretaries	10.00	10.00	10.00	10.00	10.00
Tutors/Aides	6.00	6.00	6.00	6.00	6.00
Food Service	16.00	16.00	17.00	17.00	17.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	10.00	10.00	11.00	11.00	11.00
<i>Total Employees</i>	<u>153.00</u>	<u>155.00</u>	<u>165.00</u>	<u>167.00</u>	<u>167.00</u>

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

Source: District Treasurer's Office

*Heath City School District*

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<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00
4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
105.00	104.00	106.00	106.00	105.00
3.00	3.00	3.50	3.50	3.50
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
10.00	10.00	11.00	11.00	11.00
6.00	6.00	6.00	6.00	6.00
17.00	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>173.00</u>	<u>173.00</u>	<u>176.50</u>	<u>176.50</u>	<u>175.50</u>

## *Heath City School District*

### *Operating Indicators - Cost per Pupil Last Ten Years*

Fiscal Year	1998	1999	2000	2001
Enrollment	1,471	1,535	1,537	1,566
Modified Accrual Basis				
Operating Expenditures (1)	7,717,720	8,710,594	9,441,296	15,003,425
Cost per Pupil	5,247	5,675	6,143	9,581
Percentage of Change	(7.4%)	8.2%	8.2%	56.0%
Accrual Basis (2)				
Expenses	N/A	N/A	N/A	N/A
Cost per Pupil	N/A	N/A	N/A	N/A
Percentage of Change	N/A	N/A	N/A	N/A
Teaching Staff	86	88	96	100
Pupil to Teacher Ratio				
Heath	17.1	17.4	16.0	15.7
State Average	N/A	18.6	18.1	18.0

(1) Food Service Operations were reclassified from Business-Type Activity to Governmental Activity in 2004 when the District implemented GASB 34.

(2) Expenses exclude interest and fiscal charges

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

N/A - Not Available



*Heath City School District*

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2002	2003	2004	2005	2006	2007
1,619	1,681	1,641	1,643	1,720	1,739
24,965,006	14,695,175	13,724,098	14,975,872	15,589,424	16,387,129
15,420	8,742	8,363	9,115	9,064	9,423
60.9%	(43.3%)	(4.3%)	9.0%	(0.6%)	4.0%
N/A	N/A	12,856,654	14,087,070	14,743,921	15,347,405
N/A	N/A	7,835	8,574	8,572	8,825
N/A	N/A	N/A	9.4%	(0.02%)	2.96%
100	105	104	106	106	105
16.2	16.0	15.8	15.5	16.2	16.6
16.9	16.9	18.5	18.5	18.6	19.6

## *Heath City School District*

### *Operating Indicators by Function Last Ten Years*

	1998	1999	2000	2001
<b>Governmental Activities</b>				
Pupils				
Enrollment	1,471	1,535	1,537	1,566
Graduates	N/A	N/A	N/A	N/A
Percent of Students with Disabilities	N/A	N/A	N/A	N/A
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	95.20%	95.30%	94.60%	95.10%
Fiscal Services				
Purchase Orders Processed	N/A	N/A	N/A	N/A
Checks Issued (non payroll)	N/A	N/A	N/A	N/A
Operation and Maintenance of Plant				
District Square Footage Maintained	194,665	194,665	194,665	194,665
District Square Miles Maintained	11.2	11.2	11.2	11.2
Pupil Transportation				
Average Daily Students Transported	N/A	1,107	1,123	1,136
Average Daily Bus Fleet Miles	N/A	641	643	647
Number of Buses	N/A	13	14	16
Operation of Noninstructional Services				
Food Service Operations				
Students Meals Served Annually	N/A	N/A	N/A	N/A
Percent of Free/Reduced Price Meals	N/A	N/A	N/A	N/A
Extracurricular Activities				
High School Varsity Teams	N/A	N/A	N/A	N/A

Source: District Treasurer's Office

N/A - Not Available

*Heath City School District*

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2002	2003	2004	2005	2006	2007
1,619	1,681	1,641	1,643	1,720	1,739
N/A	97	102	105	107	110
N/A	6.0%	5.9%	6.1%	6.6%	6.8%
12	12	12	12	12	12
95.20%	95.80%	95.60%	95.50%	95.90%	95.90%
N/A	2,492	2,528	2,328	2,305	2,161
N/A	2,496	2,523	2,512	2,591	2,330
288,868	288,868	288,868	288,868	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,247	1,247	1,254	1,140	1,147	1,147
753	753	847	887	898	898
16	16	16	16	16	16
N/A	75,405	82,195	85,071	92,164	93,174
N/A	16%	19%	22%	23%	24%
N/A	14	14	14	17	17

## *Heath City School District*

### *Operating Indicators - Teacher Base Salaries Last Ten Years*

Fiscal Year	1998	1999	2000	2001	2002
Minimum Salary (1)	\$23,415	24,328	25,301	26,187	27,234
Maximum Salary (1)	\$51,513	53,522	55,662	57,611	59,915
District Average Salary	\$35,779	37,072	38,718	39,644	40,897
County Average Salary	\$36,425	37,537	38,285	39,529	41,058
State Average Salary	\$39,714	40,746	41,713	42,892	44,266

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

### *Operating Indicators - Teacher by Education Last Ten Years*

Fiscal Year	1998	1999	2000	2001	2002
Bachelor's Degree	N/A	14	17	18	18
Bachelor + 15	N/A	29	31	32	30
Master's Degree	N/A	32	34	36	40
Master's Degree + 15	N/A	7	8	7	6
Master's Degree + 30	N/A	6	6	7	6
Total	86	88	96	100	100

(1) In 2007, there was a freeze on salaries.

Source: District Treasurer's Office

N/A - Not Available

*Heath City School District*

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2003	2004	2005	2006	2007
28,323	29,244	30,194	31,175	31,175
62,311	64,337	66,428	68,585	68,585
43,494	44,175	45,742	49,618	48,893
42,473	44,590	45,638	46,869	48,809
45,515	47,495	49,438	50,772	53,536

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2003	2004	2005	2006	2007
18	13	14	11	10
23	26	23	25	25
48	48	50	50	49
9	10	10	11	12
7	7	9	9	9
105	104	106	106	105

## *Heath City School District*

### *Capital Asset Statistics by Building Last Ten Years*

	1998	1999	2000	2001
<b>Secondary</b>				
Heath High School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	N/A	449	445	454
<b>Middle</b>				
Heath Middle School / Fulton Middle*				
Square Footage	47,537	47,537	47,537	47,537
Capacity (students)	400	400	400	400
Enrollment	N/A	383	392	380
<b>Elementary</b>				
Stevenson Elementary School				
Square Footage	37,419	37,419	37,419	37,419
Capacity (students)	400	400	400	400
Enrollment	N/A	355	361	367
Garfield Elementary School				
Square Footage	40,112	40,112	40,112	40,112
Capacity (students)	350	350	350	350
Enrollment	N/A	338	339	365
<b>All Other</b>				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Enrollment	13	13	13	13
Bus Garage**				
Square Footage	None	None	None	None
Capacity (Buses)				

Source: District Treasurer's Office

\* Fulton was demolished in 2003

\*\* Bus Garage built in 2002.

N/A - Not Available

*Heath City School District*

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2002	2003	2004	2005	2006	2007
124,740	124,740	124,740	124,740	124,740	124,740
600	600	600	600	600	600
473	515	477	484	497	484
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
404	438	410	402	412	418
39,619	39,619	39,619	39,619	42,337	44,437
450	450	450	450	450	450
390	365	377	375	429	434
44,112	44,112	44,112	44,112	44,112	44,112
420	420	420	420	450	450
352	363	377	382	382	358
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	14	14	14	14
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*

	1998	1999	2000	2001	2002
<b>ACT Scores (Average)</b>					
Heath	20.3	22.6	21.8	22.3	21.5
Ohio	21.4	21.4	21.4	21.4	21.4
National	21.0	21.0	21.0	21.0	20.8
<b>Cost per Student (ODE) (1)</b>					
Heath	5,284	5,391	5,811	6,166	6,926
Ohio (Average)	6,232	6,642	7,057	7,602	8,073
<b>Cost to Educate a Graduate</b>					
Heath	64,655	71,067	80,078	89,662	93,625
Ohio (Average)	60,682	64,002	67,621	71,601	75,655
<b>Attendance Rate</b>					
Heath	95.20%	95.30%	94.60%	95.10%	95.20%
Ohio (Average)	93.90%	94.20%	97.20%	94.70%	95.00%
<b>Graduation Rate</b>					
Heath	84.60%	90.00%	90.00%	82.70%	92.90%
Ohio (Average)	79.90%	81.40%	80.70%	81.20%	82.80%

**Source:**

District's Student Records and Ohio Department of Education

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

N/A - Not Available



*Heath City School District*

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2003	2004	2005	2006	2007
21.7	21.0	22.0	21.3	N/A
21.4	21.4	21.4	21.5	21.6
20.8	20.9	20.9	21.1	21.2
7,862	8,396	8,548	8,610	9,463
8,441	8,768	9,028	9,343	9,586
96,368	109,183	113,075	116,263	137,140
79,747	84,129	88,133	89,779	99,365
95.80%	95.60%	95.50%	95.90%	95.40%
94.90%	95.30%	95.20%	94.10%	94.10%
92.90%	91.00%	96.50%	96.20%	90.10%
83.90%	84.30%	85.90%	86.20%	86.10%





**Mary Taylor, CPA**  
Auditor of State

**HEATH CITY SCHOOL DISTRICT**  
**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**JANUARY 22, 2008**