

**HEATH CITY SCHOOL DISTRICT**

**LICKING COUNTY**

**SINGLE AUDIT**

**JULY 1, 2005 - JUNE 30, 2006**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Heath City School District, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2005 through June 30, 2006. 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 23, 2007

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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, 2006**

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>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
Food Donation	N/A	10.550	\$ -	\$ 44,748	\$ -	\$ 44,748
National School Lunch Program	LL-P4-05,06	10.555	133,573	-	133,573	-
<i>Total Child Nutrition Cluster:</i>			<u>133,573</u>	<u>44,748</u>	<u>133,573</u>	<u>44,748</u>
<b>Total U.S. Department of Agriculture</b>			<u>133,573</u>	<u>44,748</u>	<u>133,573</u>	<u>44,748</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1-05,06	84.010	217,047	-	221,663	-
Special Education-Grants to States	6B-SF-05,06	84.027	345,520	-	337,076	-
Safe and Drug Free Schools and Communities-State Grants	DR-S1-05,06	84.186	13,104	-	20,344	-
State Grants for Innovative Programs	C2-S1-05,06	84.298	4,609	-	7,630	-
Education Technology State Grants	TJ-S1-05,06	84.318	3,947	-	263	-
Improving Teacher Quality State Grants	TR-S1-05,06	84.367	58,309	-	41,504	-
<b>Total U.S. Department of Education</b>			<u>642,536</u>	<u>-</u>	<u>628,480</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
State Children's Insurance Program	N/A	93.767	17,648	-	17,648	-
Medical Assistance Program	N/A	93.778	473	-	473	-
<b>Total U.S. Department of Health and Human Services</b>			<u>18,121</u>	<u>-</u>	<u>18,121</u>	<u>-</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u>\$ 794,230</u>	<u>\$ 44,748</u>	<u>\$ 780,174</u>	<u>\$ 44,748</u>

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

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**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.



**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, 2006, and have issued our report thereon dated November 17, 2006 wherein we noted the District implemented Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, in a separate letter to the District's management dated November 17, 2006, we reported other matters involving the internal control over financial reporting which we did not deem reportable conditions.

*Wilson, Shannon & Snow, Inc.*

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



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*  
Page 2

**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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, in a separate letter to the District's management dated November 17, 2006, we reported a matter related to noncompliance we deemed immaterial.

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

*Wilson, Sherman & Snow, Inc.*

Newark, Ohio  
November 17, 2006



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

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

**Compliance**

We have audited the compliance of Heath City School District, Licking County, Ohio, (the 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, 2006. 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2006.

**Internal Control over Compliance**

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

*Wilson, Shannon & Snow, Inc.*

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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  
Page 2

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

**Schedule of Federal Awards Receipts and Expenditures**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio (the District) as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated November 17, 2006 wherein we noted the District implemented Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Wilson, Sherman & Snow, Inc.*

Newark, Ohio  
November 17, 2006

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

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

**JUNE 30, 2006**

<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>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<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 reportable internal control weakness conditions 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\ 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, 2006**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY**

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

**JUNE 30, 2006**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u>
2005-001	Ohio Revised Code Section 5705.39 states that appropriations shall not exceed estimated resources.	No	Re-issued in the management letter.
2005-002	Ohio Revised Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated as provided in such chapter.	Yes	N/A
2005-003	The District did not post budgetary receipts and disbursements to its accounting ledgers.	No	Re-issued in the management letter.

# **Heath City School District**

Heath, Ohio



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006**





# Heath City School District



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***HEATH CITY SCHOOL DISTRICT***

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Heath, Ohio

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
June 30, 2006**

*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 2, 2006

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, 2006 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 CAFR is presented in three sections as follows:

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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The District provides a full range of education programs and services to 1,720 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.

### **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.

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

Over the last twenty years, the City of Heath has become the center of commercial growth in Licking County. Cross Creek Shopping Center, the Indian Mound Mall and Southgate Shopping Center as well as large establishments such as Wal-Mart, Target and Best Buy draw shoppers from surrounding communities. National restaurant chains including Red Lobster, Applebee's, Olive Garden, Bob Evans and Tumbleweed have located in the heart of the commercial development to meet the needs of those who have come to shop at the various retail stores. Skyline Chili and the Oak Tree Center strip mall opened in fiscal year 2006, and Wal-Mart began expanding its current store to become a superstore.

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

In the residential sector, the Glenwood condominium complex was constructed within the District.

As part of its long-term financial planning, the District will investigate and began planning for a future operating levy.

# **HEATH CITY SCHOOL DISTRICT**

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## ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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### **MAJOR INITIATIVES**

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

During fiscal year 2006, the District focused on the continuing growth in student enrollment. The District's test score performance allowed the Heath City School's to be recognized as a "Excellent" district by the Ohio Department of Education. Another area of concern was to replace the boiler system at 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 2006-2007 school year, the primary concentration will continue to focus on test scores. The District is always trying to improve the test scores and keep our "Excellent" rating. This is how our district is compared with other districts. Also, with the newly implemented diagnostic testing program mandated by the state and the "NO CHILD LEFT BEHIND" Act, districts will focus much of their attention to meeting these standards.

In addition to all the changes taking place within the District, the 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 of Proficiency 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.

# **HEATH CITY SCHOOL DISTRICT**

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***Letter of Transmittal  
For the Fiscal Year Ended June 30, 2006***

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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, 2006***

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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, 2005. We believe this, our seventh 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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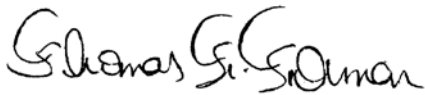
*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2006*

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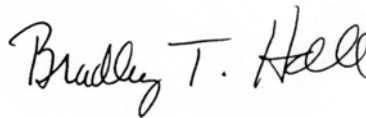
**ACKNOWLEDGMENTS** -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution 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, 2006*

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### *Members of the Board of Education*

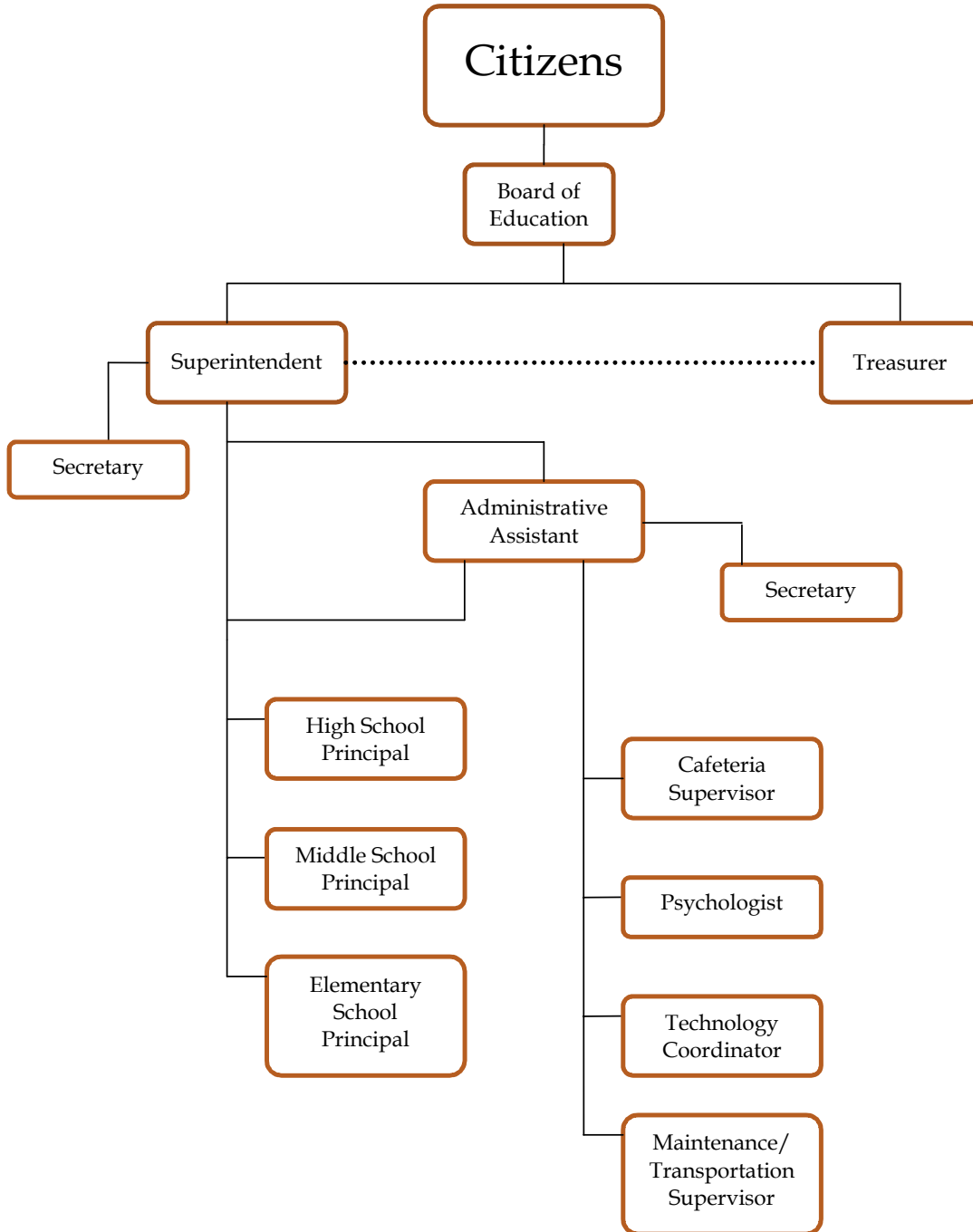
<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Mr. James Roberts	President	9
Mr. James Bowers	Vice president	9
Dr. Michael Gentry	Member	9
Mr. Steven Carson	Member	7
Mr. Gary Wimer	Member	5

### *Administration*

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>	
		<u>Position</u>	<u>Total</u>
Mr. Thomas Forman	Superintendent	1	29
Mr. Bradley T. Hall	Treasurer	11.5	25
Mr. Gary Steinen	Assistant Superintendent	1	28

# HEATH CITY SCHOOL DISTRICT

*Organizational Chart  
For the Fiscal Year Ended June 30, 2006*



# HEATH CITY SCHOOL DISTRICT

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

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

Heath City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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 AUDITORS' 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, 2006, 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 Standard*, 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, 2006, 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.

As disclosed in Note 16, the District implemented Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

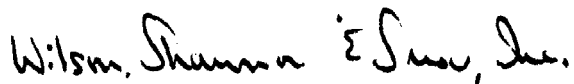
FAX (740) 345-5635

Heath City School District  
Licking County  
Independent Auditors' Report

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2006, 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.

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 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.



Newark, Ohio  
November 17, 2006



# HEATH CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

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The discussion and analysis of Heath City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. 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 2006 are as follows:**

- ❑ In total, net assets decreased \$308,259, which represents a 6.5% decrease from 2005.
- ❑ General revenues accounted for \$13,656,140 in revenue or 90.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,490,059 or 9.8% of total revenues of \$15,146,199.
- ❑ The District had \$15,454,458 in expenses related to governmental activities; only \$1,490,059 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$12,128,230 in revenues and \$12,468,367 in expenditures. The general fund's fund balance decreased \$191,137 to \$1,061,547.

## **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, 2006*

*Unaudited*

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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, 2006**

**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 2006 compared to 2005:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Current and other assets	\$13,241,422	\$11,898,698	\$1,342,724
Capital assets, Net	19,311,798	19,751,092	(439,294)
Total assets	<u>32,553,220</u>	<u>31,649,790</u>	<u>903,430</u>
Long-term debt outstanding	18,457,377	18,416,983	40,394
Other liabilities	9,666,368	8,495,073	1,171,295
Total liabilities	<u>28,123,745</u>	<u>26,912,056</u>	<u>1,211,689</u>
Net assets			
Invested in capital assets, net of related debt	1,993,183	2,416,171	(422,988)
Restricted	1,730,753	1,464,939	265,814
Unrestricted	<u>705,539</u>	<u>856,624</u>	<u>(151,085)</u>
Total net assets	<u>\$4,429,475</u>	<u>\$4,737,734</u>	<u>(\$308,259)</u>

At year-end for governmental activities, capital assets represented 59% 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, 2006 was \$1,993,183. 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, \$1,730,753, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$705,539 may be used to meet the District's ongoing obligations to the students and creditors.

## **HEATH CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2006 and 2005:

	Governmental Activities	
	2006	2005
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$596,081	\$561,361
Operating Grants and Contributions	841,478	788,301
Capital Grants and Contributions	52,500	15,225
Total Program Revenues	<u>1,490,059</u>	<u>1,364,887</u>
General Revenues:		
Property Taxes	8,228,836	8,199,641
Grants and Entitlements	4,964,161	4,627,830
Other	463,143	621,333
Total General Revenues	<u>13,656,140</u>	<u>13,448,804</u>
Total Revenues	<u>15,146,199</u>	<u>14,813,691</u>
<b>Program Expenses</b>		
Instruction	8,505,200	8,091,647
Support Services:		
Pupils	816,256	829,084
Instructional Staff	560,388	468,106
Board of Education	8,668	11,468
Administration	1,259,854	1,194,699
Fiscal Services	497,666	508,518
Business	25,163	18,637
Operation and Maintenance of Plant	1,240,473	1,214,728
Pupil Transportation	549,559	477,979
Central	208,089	221,434
Operation of Non-Instructional Services:		
Community Services	4,458	7,582
Food Service Operations	511,037	493,570
Extracurricular Activities	557,110	537,875
Interest and Fiscal Charges	710,537	982,861
Total Expenses	<u>15,454,458</u>	<u>15,058,188</u>
Change in Net Assets before Special Item	(308,259)	(244,497)
Special Item Gain on Sale of Capital Assets	0	1,299,371
Change in Net Assets	(308,259)	1,054,874
Beginning Net Assets	4,737,734	3,682,860
Ending Net Assets	<u>\$4,429,475</u>	<u>\$4,737,734</u>

## HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

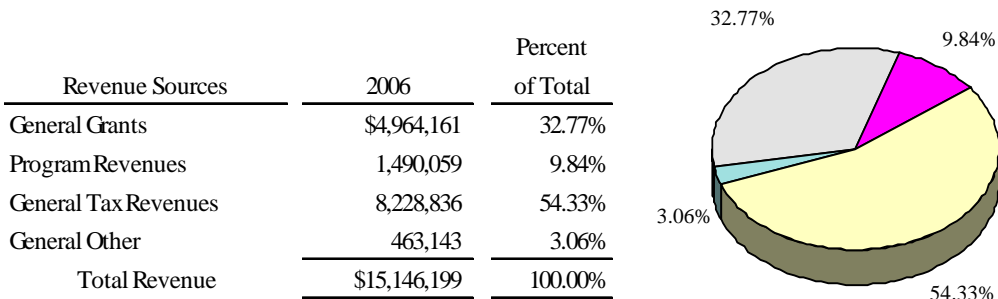
### **Governmental Activities**

Net assets of the District's governmental activities decreased by \$308,259. Total governmental expenses of \$15,454,458 were offset by program revenues of \$1,490,059 and general revenues of \$13,656,140. Program revenues supported 9.6% 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 \$13,192,997 and represent 96.6% of total general revenue.

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

Property taxes made up 54% of revenues for governmental activities for Heath City Schools in fiscal year 2006. 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 \$2,706,692, which is above last year's total of \$2,663,057. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2006 and 2005.

	Fund Balance June 30, 2006	Fund Balance June 30, 2005	Increase (Decrease)
General	\$1,061,547	\$1,252,684	(\$191,137)
Bond Retirement	477,167	143,055	334,112
Permanent Improvement	857,263	1,009,183	(151,920)
Other Governmental	310,715	258,135	52,580
Total	\$2,706,692	\$2,663,057	\$43,635

## HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

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

	2006 Revenues	2005 Revenues	Increase (Decrease)
Taxes	\$6,913,685	\$6,853,594	\$60,091
Tuition	78,323	88,595	(10,272)
Investment Earnings	96,073	48,108	47,965
Intergovernmental - State	4,860,125	4,490,156	369,969
All Other Revenue	180,024	421,302	(241,278)
Total	\$12,128,230	\$11,901,755	\$226,475

General Fund revenues in 2006 increased approximately 1.9% compared to revenues in fiscal year 2005. The primary factor contributing to this increase is an increase in state foundation monies received. The reason for the decrease in all other revenue was that a \$172,000 donation from a local business was given in 2005.

	2006 Expenditures	2005 Expenditures	Increase (Decrease)
Instruction	\$7,200,313	\$6,966,070	\$234,243
Supporting Services:			
Pupils	605,787	603,262	2,525
Instructional Staff	375,094	345,336	29,758
Board of Education	8,668	11,468	(2,800)
Administration	1,218,226	1,162,291	55,935
Fiscal Services	470,100	472,237	(2,137)
Business	14,560	18,637	(4,077)
Operation and Maintenance of Plant	1,177,971	1,175,747	2,224
Pupil Transportation	708,790	419,537	289,253
Central	180,048	179,758	290
Operation of Non-Instructional Services:			
Food Service Operations	3,007	2,780	227
Extracurricular Activities	276,779	262,674	14,105
Capital Outlay	170,113	39,650	130,463
Debt Service:			
Principal Retirement	45,659	43,168	2,491
Interest and Fiscal Charges	13,252	11,743	1,509
Total	\$12,468,367	\$11,714,358	\$754,009

The expenditures increased by \$754,009 or 6.4% compared to the prior year mostly due to increases in salary, wages and benefits. The increase in Pupil Transportation was due to the purchase of 3 new school busses. Capital Outlay increased as a result of replacing old fixtures and equipment at Stevenson Elementary.

# HEATH CITY SCHOOL DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2006

Unaudited

*Bond Retirement Fund* – This fund increased \$334,112 from the prior year as a result of refunding the District's school improvement bonds.

*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.

### 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 2006 the District amended its General Fund budget several times, the increase of \$.7 million compared to the original budget was in anticipation of retirements of senior staff which did not occur and the timing of payments for boiler replacement which were delayed until fiscal year 2007. The General Fund budget basis revenue of \$12.3 million did not change significantly compared to the original budget estimates.

Actual expenditures compared to the final budget resulted in an overall positive variance due to budgeting for retirements which did not occur and delaying payments for boiler replacement to fiscal year 2007.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

At the end of fiscal 2006 the District had \$19,311,798 net of accumulated depreciation invested in land, buildings, equipment and vehicles. The following table shows fiscal year 2006 and 2005 balances:

	Governmental		Increase (Decrease)
	Activities		
	2006	2005	
Land	\$438,952	\$438,952	\$0
Land Improvements	2,145,717	2,130,822	14,895
Buildings and Improvements	21,339,366	21,339,366	0
Machinery and Equipment	1,124,657	1,063,072	61,585
Vehicles	893,940	667,740	226,200
Construction in Progress	159,870	0	159,870
Less: Accumulated Depreciation	(6,790,704)	(5,888,860)	(901,844)
Totals	\$19,311,798	\$19,751,092	(\$439,294)

The primary increase occurred in vehicles and construction in progress, which was the result of the District purchasing three new school busses and beginning the construction of two additional classrooms at Stevenson Elementary School.

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, 2006*

*Unaudited*

## *Debt*

At June 30, 2006, the District had \$18.5 million in general obligation bonds, long-term notes, capital leases and compensated absences outstanding, \$1,024,431 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2006:

	2006	2005
Governmental Activities:		
General Obligation Bonds Payable	\$16,885,008	\$16,829,655
Long-Term Notes Payable	294,000	320,000
Capital Leases Payable	139,607	185,266
Compensated Absences	1,138,762	1,082,062
Totals	<u>\$18,457,377</u>	<u>\$18,416,983</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, 2006, 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**

New businesses that opened during 2006, included a Skyline Chili and the Oak Tree Center, a new strip mall. In addition Wal-Mart began expanding its facilities to become a superstore. There was no significant increase in housing construction other than the Glenwood condominium complex.

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, 2006***

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 2,270,257
Investments	862,903
Receivables:	
Taxes	9,504,710
Interest	9,029
Inventory	14,301
Restricted Assets:	
Cash and Cash Equivalents	351,893
Deferred Charges	228,329
Capital Assets:	
Nondepreciable Capital Assets	598,822
Depreciable Capital Assets, Net	18,712,976
Total Capital Assets, Net	<u>19,311,798</u>
<b>Total Assets</b>	<u><b>32,553,220</b></u>
<b>Liabilities:</b>	
Accounts Payable	86,161
Accrued Wages and Benefits	923,983
Intergovernmental Payable	313,877
Unearned Revenue - Taxes	8,261,520
Early Retirement Incentive Payable	20,590
Accrued Interest Payable	60,237
Long Term Liabilities:	
Due Within One Year	1,024,431
Due in More Than One Year	17,432,946
<b>Total Liabilities</b>	<u><b>28,123,745</b></u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	1,993,183
Restricted For:	
Capital Projects	887,506
Debt Service	491,354
Statutory Purposes	351,893
Unrestricted	705,539
<b>Total Net Assets</b>	<u><u><b>\$ 4,429,475</b></u></u>

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

### Statement of Activities For the Fiscal Year Ended June 30, 2006

		Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 8,505,200	\$ 168,744	\$ 415,109	\$ 0	\$ (7,921,347)
Support Services:					
Pupils	816,256	46,813	91,915	0	(677,528)
Instructional Staff	560,388	0	124,493	0	(435,895)
Board of Education	8,668	0	0	0	(8,668)
Administration	1,259,854	0	0	0	(1,259,854)
Fiscal Services	497,666	0	246	0	(497,420)
Business	25,163	0	5,524	0	(19,639)
Operation and Maintenance of Plant	1,240,473	0	0	0	(1,240,473)
Pupil Transportation	549,559	0	0	52,500	(497,059)
Central	208,089	0	15,509	0	(192,580)
Operation of Non-Instructional Services:					
Community Services	4,458	0	5,896	0	1,438
Food Service Operations	511,037	300,649	182,786	0	(27,602)
Extracurricular Activities	557,110	79,875	0	0	(477,235)
Interest and Fiscal Charges	710,537	0	0	0	(710,537)
<b>Total Governmental Activities</b>	<b>\$ 15,454,458</b>	<b>\$ 596,081</b>	<b>\$ 841,478</b>	<b>\$ 52,500</b>	<b>(13,964,399)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					6,834,368
Debt Service					1,280,030
Capital Outlay					114,438
Grants and Entitlements not Restricted to Specific Programs					4,964,161
Investment Earnings					161,987
Miscellaneous					301,156
Total General Revenues					13,656,140
Change in Net Assets					(308,259)
Net Assets Beginning of Year					4,737,734
Net Assets End of Year					\$ 4,429,475

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 563,608	\$ 404,467	\$ 906,579	\$ 395,603	\$ 2,270,257
Investments	862,903	0	0	0	862,903
Receivables:					
Taxes	7,851,745	1,409,146	243,819	0	9,504,710
Interest	9,029	0	0	0	9,029
Inventory	0	0	0	14,301	14,301
Restricted Assets:					
Cash and Cash Equivalents	351,893	0	0	0	351,893
<b>Total Assets</b>	<b>\$ 9,639,178</b>	<b>\$ 1,813,613</b>	<b>\$ 1,150,398</b>	<b>\$ 409,904</b>	<b>\$ 13,013,093</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 20,120	\$ 0	\$ 64,316	\$ 1,725	\$ 86,161
Accrued Wages and Benefits	849,828	0	0	74,155	923,983
Intergovernmental Payable	290,568	0	0	23,309	313,877
Deferred Revenue - Taxes	7,349,445	1,336,446	228,819	0	8,914,710
Deferred Revenue	6,841	0	0	0	6,841
Early Retirement Incentive Payable	20,590	0	0	0	20,590
Compensated Absences Payable	40,239	0	0	0	40,239
<b>Total Liabilities</b>	<b>8,577,631</b>	<b>1,336,446</b>	<b>293,135</b>	<b>99,189</b>	<b>10,306,401</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	186,000	0	185,726	41,895	413,621
Reserved for Supplies Inventory	0	0	0	14,301	14,301
Reserved for Debt Service	0	404,467	0	0	404,467
Reserved for Property Taxes	502,300	72,700	15,000	0	590,000
Statutory Reserves	351,893	0	0	0	351,893
Unreserved, Designated for Budget Stabilization	10,026	0	0	0	10,026
Unreserved, Undesignated in:					
General Fund	11,328	0	0	0	11,328
Special Revenue Funds	0	0	0	247,222	247,222
Capital Projects Funds	0	0	656,537	7,297	663,834
<b>Total Fund Balances</b>	<b>1,061,547</b>	<b>477,167</b>	<b>857,263</b>	<b>310,715</b>	<b>2,706,692</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,639,178</b>	<b>\$ 1,813,613</b>	<b>\$ 1,150,398</b>	<b>\$ 409,904</b>	<b>\$ 13,013,093</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, 2006***

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<b>Total Governmental Fund Balances</b>	\$ 2,706,692
<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.	19,311,798
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	660,031
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	(294,000)
General Obligation Bonds Payable	(16,258,704)
Deferred Loss on refunding (to be amortized over life of debt)	943,002
Deferred Charge for Issuance Costs (to be amortized over life of debt)	228,329
Issuance Premium (to be amortized over life of debt)	(1,226,074)
Interest Accretion (to be amortized as interest expense)	(343,232)
Capital Leases Payable	(139,607)
Compensated Absences Payable	(1,098,523)
Accrued Interest Payable	(60,237)
	<u>(18,249,046)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u>\$ 4,429,475</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, 2006

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local Sources:					
Taxes	\$ 6,913,685	\$ 1,285,390	\$ 117,295	\$ 0	\$ 8,316,370
Tuition	78,323	0	0	0	78,323
Food Services	0	0	0	300,649	300,649
Investment Earnings	96,073	241	45,025	17,659	158,998
Extracurricular Activities	0	0	0	79,875	79,875
Class Materials and Fees	0	0	0	87,092	87,092
Intergovernmental - State	4,860,125	137,851	18,685	36,840	5,053,501
Intergovernmental - Federal	0	0	0	801,138	801,138
All Other Revenue	180,024	0	210	168,766	349,000
<b>Total Revenues</b>	<b>12,128,230</b>	<b>1,423,482</b>	<b>181,215</b>	<b>1,492,019</b>	<b>15,224,946</b>
<b>Expenditures:</b>					
Current:					
Instruction	7,200,313	0	130,422	487,909	7,818,644
Supporting Services:					
Pupils	605,787	0	0	213,333	819,120
Instructional Staff	375,094	0	0	128,065	503,159
Board of Education	8,668	0	0	0	8,668
Administration	1,218,226	0	0	0	1,218,226
Fiscal Services	470,100	19,061	3,881	999	494,041
Business	14,560	0	0	8,613	23,173
Operation and Maintenance of Plant	1,177,971	0	0	6,806	1,184,777
Pupil Transportation	708,790	0	0	0	708,790
Central	180,048	0	0	21,777	201,825
Operation of Non-Instructional Services:					
Community Services	0	0	0	4,458	4,458
Food Service Operations	3,007	0	0	468,134	471,141
Extracurricular Activities	276,779	0	0	114,416	391,195
Capital Outlay	170,113	0	198,832	1,118	370,063
Debt Service:					
Principal Retirement	45,659	550,000	0	0	595,659
Interest and Fiscal Charges	13,252	763,233	0	0	776,485
<b>Total Expenditures</b>	<b>12,468,367</b>	<b>1,332,294</b>	<b>333,135</b>	<b>1,455,628</b>	<b>15,589,424</b>

(Continued)

## *HEATH CITY SCHOOL DISTRICT*

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(340,137)	91,188	(151,920)	36,391	(364,478)
<b>Other Financing Sources (Uses):</b>					
Refunding General Obligation Bonds Issued	0	12,494,986	0	0	12,494,986
Premium on General Obligation Refunding Bond	0	1,275,918	0	0	1,275,918
Premium on General Obligation Notes Issued	0	5,798	0	0	5,798
General Obligation Notes Issued	164,000	0	0	0	164,000
Payment to Refunded Bond Escrow Agent	0	(13,533,778)	0	0	(13,533,778)
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>	<b>149,000</b>	<b>242,924</b>	<b>0</b>	<b>15,000</b>	<b>406,924</b>
Net Change in Fund Balances	(191,137)	334,112	(151,920)	51,391	42,446
<b>Fund Balances at Beginning of Year</b>	1,252,684	143,055	1,009,183	258,135	2,663,057
Increase in Inventory Reserve	0	0	0	1,189	1,189
<b>Fund Balances End of Year</b>	<b>\$ 1,061,547</b>	<b>\$ 477,167</b>	<b>\$ 857,263</b>	<b>\$ 310,715</b>	<b>\$ 2,706,692</b>

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, 2006***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 42,446

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (439,294)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (84,545)

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. 431,659

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 15,846

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	(88,536)	
Interest Accretion	(132,295)	
Amortization of Deferred Loss on Refunding	(95,776)	
Amortization of Deferred Charge for Bond Issuance Costs	(8,797)	
Amortization of Premium on Bond Issuance	49,844	
Change in Inventory	1,189	(274,371)
	1,189	(274,371)

***Change in Net Assets of Governmental Activities*** **\$ (308,259)**

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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 7,019,000	\$ 7,123,169	\$ 7,121,385	\$ (1,784)
Tuition	90,000	78,416	78,323	(93)
Investment Earnings	42,000	81,500	81,639	139
Intergovernmental - State	4,972,454	4,809,066	4,807,625	(1,441)
All Other Revenues	<u>162,125</u>	<u>180,040</u>	<u>180,024</u>	<u>(16)</u>
Total Revenues	<u>12,285,579</u>	<u>12,272,191</u>	<u>12,268,996</u>	<u>(3,195)</u>
<b>Expenditures:</b>				
Current:				
Instruction	7,432,788	7,791,240	7,313,140	478,100
Support Services:				
Pupils	616,514	683,605	590,375	93,230
Instructional Staff	351,700	419,075	375,853	43,222
Board of Education	14,815	10,925	8,753	2,172
Administration	1,330,697	1,344,412	1,213,777	130,635
Fiscal Services	501,485	508,980	476,146	32,834
Business	16,087	17,052	15,384	1,668
Operation and Maintenance of Plant	1,362,758	1,456,077	1,295,421	160,656
Pupil Transportation	674,240	738,285	661,893	76,392
Central	191,100	197,343	179,974	17,369
Food Services	2,700	2,978	2,973	5
Extracurricular Activities	318,050	328,939	276,532	52,407
Capital Outlay	<u>180,003</u>	<u>184,503</u>	<u>178,313</u>	<u>6,190</u>
Total Expenditures	<u>12,992,937</u>	<u>13,683,414</u>	<u>12,588,534</u>	<u>1,094,880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(707,358)	(1,411,223)	(319,538)	1,091,685
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	500	0	0	0
Long-term General Obligation Notes Issued	0	160,000	160,000	0
Transfers Out	(15,000)	(15,000)	(15,000)	0
Advances In	<u>16,719</u>	<u>16,719</u>	<u>16,719</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>2,219</u>	<u>161,719</u>	<u>161,719</u>	<u>0</u>
Net Change in Fund Balance	(705,139)	(1,249,504)	(157,819)	1,091,685
Fund Balance at Beginning of Year	1,556,665	1,556,665	1,556,665	0
Prior Year Encumbrances	<u>190,031</u>	<u>190,031</u>	<u>190,031</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,041,557</u>	<u>\$ 497,192</u>	<u>\$ 1,588,877</u>	<u>\$ 1,091,685</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, 2006**

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	<u>Private Purpose Trust</u>	
	<u>Special Trust Fund</u>	<u>Agency</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 2,067	\$ 44,222
<b>Total Assets</b>	<u>2,067</u>	<u>44,222</u>
<b>Liabilities:</b>		
Due to Students	0	44,222
<b>Total Liabilities</b>	<u>0</u>	<u>44,222</u>
<b>Net Assets:</b>		
Unrestricted	2,067	0
<b>Total Net Assets</b>	<u>\$ 2,067</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, 2006*

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	<u>Private Purpose Trust</u>
	<u>Special Trust Fund</u>
<b>Additions:</b>	
Investment Earnings:	
Interest	\$ 99
Total Additions	<u>99</u>
<b>Deductions:</b>	
Community Gifts, Awards and Scholarships	<u>100</u>
Total Deductions	<u>100</u>
Change in Net Assets	(1)
Net Assets at Beginning of Year	<u>2,068</u>
Net Assets End of Year	<u>\$ 2,067</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, 2006*

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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 112 certified teaching personnel and administrative employees providing education to 1,720 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, 2006***

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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, 2006***

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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, 2006***

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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, 2006, but which were levied to finance fiscal year 2006 operations, have been recorded as unearned revenue. Any grants and entitlements which also may be received before the eligibility requirements are met would also be recorded as unearned revenue. Deferred revenues on the governmental fund financial statements are receivables which will not be collected within the available period.

Current property taxes measurable at June 30, 2006, and which are not intended to finance fiscal 2006 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, 2006 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, 2006*

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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, 2006*

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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 2006.

##### 3. Appropriations

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

##### 4. Lapsing of Appropriations

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

# **HEATH CITY SCHOOL DISTRICT**

## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

### **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)	(\$191,137)
Increase (Decrease):	
Accrued Revenues	
at June 30, 2006,	
received during FY 2007	(504,488)
Accrued Revenues	
at June 30, 2005,	
received during FY 2006	727,673
Accrued Expenditures	
at June 30, 2006,	
paid during FY 2007	1,221,345
Accrued Expenditures	
at June 30, 2005,	
paid during FY 2006	(1,221,685)
Encumbrances Outstanding	<u>(189,527)</u>
Budget Basis	<u>(\$157,819)</u>

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

During fiscal year 2006, 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, 2006*

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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 2006. 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, 2006. 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, 2006***

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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, 2006***

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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 \$351,893 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.

##### **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, 2006***

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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 2006. 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 2006, the District had no special items.

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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, 2006**

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**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	\$462,550
Depreciation Expense	(901,844)
	(\$439,294)

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Tax Revenue	(\$87,534)
Increase in Interest Earnings	2,989
	(\$84,545)

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

Bond Principal Payment	\$360,000
Long-term Notes Payable	190,000
Capital Lease Payment	45,659
Long-term Notes Payable Issued	(164,000)
Payment to Escrow Agent for Refunding	13,533,778
Refunding Bonds Issued	(12,494,986)
Premium on Refunding Bonds Issued	(1,275,918)
Deferred Bond Issuance Costs	237,126
	\$431,659

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**Excess Appropriations over Estimated Revenues** - Ohio Revised Code requires that appropriations do not exceed estimated revenues. Appropriations exceeded estimated revenues in the following fund at June 30, 2006:

<u>Fund</u>	<u>Excess</u>
Nonmajor Special Revenue Funds:	
Title I Fund	\$ 1,400

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **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.

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and



**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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

- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
- Under limited circumstances, corporate debt interest rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

**A. Deposits**

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

At year end the carrying amount of the District's deposits was a deficit of \$141,809 and the bank balance was \$145,291. A liability was not recorded for the negative carrying amount of deposits based on no actual overdraft of funds due to the "zero balance" nature of the District's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into an overnight repurchase agreement, which is reported as an investment. Federal deposit insurance covered \$103,600 of the bank balance and \$41,691 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>\$41,691</u>
Total Balance	<u><u>\$41,691</u></u>

## HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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

**B. Investments**

The District's investments at June 30, 2006 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
Repurchase Agreements	\$885,966	N/A	\$885,966	\$0
STAR Ohio	1,648,708	AAA <sup>m</sup> <sup>2</sup>	1,648,708	0
FNMA Bonds	100,000	Aaa <sup>1</sup> , AAA <sup>2</sup>	100,000	0
FHLB Bonds	200,000	Aaa <sup>1</sup> , AAA <sup>2</sup>	0	200,000
FHLB Discount Note	278,874	Aaa <sup>1</sup> , AAA <sup>2</sup>	278,874	0
FHLMC Discount Note	559,603	Aaa <sup>1</sup> , AAA <sup>2</sup>	559,603	0
Total Investments	<u>\$3,673,151</u>		<u>\$3,473,151</u>	<u>\$200,000</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, 2.7% are FNMA, 5.4% are FHLB, 7.6% are FHLB Discount Notes and 15.2% 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, 2006**

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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	\$2,668,439	\$862,903
Certificates of Deposit (with maturities of more than 3 months)	3,300	(3,300)
Agency Securities (with maturities of less than 3 months)	(278,874)	278,874
Repurchase Agreements	(885,966)	885,966
STAR Ohio	(1,648,708)	1,648,708
Per GASB Statement No. 3	<u>(\$141,809)</u>	<u>\$3,673,151</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, 2006:

Investments (summarized above)	\$3,673,151
Carrying amount of District's deposits	(141,809)
Fiduciary Funds - Cash and Investments	<u>(46,289)</u>
Total Governmental Activities - Cash and Investments	<u>\$3,485,053</u>

# HEATH CITY SCHOOL DISTRICT

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

### NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, 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.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 18.75 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Heath City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2006, upon which the 2005 levies were based, were as follows:

	Assessed Values for Collection in:	
	2005 Second Half	2006 First Half
Agricultural/Residential and Other Real Estate	\$204,143,540	\$236,666,040
Public Utility Personal	6,498,070	6,351,210
Tangible Personal Property	35,135,040	40,706,030
Total Assessed Value	<u>\$245,776,650</u>	<u>\$283,723,280</u>
Tax rate per \$1,000 of assessed valuation	\$50.20	\$50.30

### NOTE 6 - RECEIVABLES

Receivables at June 30, 2006 consisted of taxes and interest receivables. All receivables are expected to be collected within the next year.

## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006*

#### NOTE 7 – TRANSFERS

Following is a summary of transfers in and out for all funds for fiscal year 2006:

	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.

#### NOTE 8 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2006:

<i>Historical Cost:</i>	Balance at			Balance at
Class	June 30, 2005	Additions	Deletions	June 30, 2006
<i>Capital Assets not being depreciated:</i>				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	0	159,870	0	159,870
Subtotal	438,952	159,870	0	598,822
<i>Capital Assets being depreciated:</i>				
Land Improvements	2,130,822	14,895	0	2,145,717
Buildings and Improvements	21,339,366	0	0	21,339,366
Machinery and Equipment	1,063,072	61,585	0	1,124,657
Vehicles	667,740	226,200	0	893,940
Subtotal	25,201,000	302,680	0	25,503,680
Total Cost	\$25,639,952	\$462,550	\$0	\$26,102,502
 <i>Accumulated Depreciation:</i>				
Class	Balance at June 30, 2005	Additions	Deletions	Balance at June 30, 2006
Land Improvements	(\$609,523)	(\$91,473)	\$0	(\$700,996)
Buildings and Improvements	(4,197,300)	(634,507)	0	(4,831,807)
Furniture, Fixtures and Equipment	(605,044)	(124,053)	0	(729,097)
Vehicles	(476,993)	(51,811)	0	(528,804)
Total Depreciation	(\$5,888,860)	(\$901,844) *	\$0	(\$6,790,704)
<i>Net Value:</i>	\$19,751,092			\$19,311,798

# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 8 - CAPITAL ASSETS (Continued)**

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

Instruction	\$463,152
Support Services:	
Pupils	17,808
Instructional Staff	56,929
Administration	38,522
Fiscal Services	585
Business	1,990
Operations and Maintenance of Plant	48,708
Pupil Transportation	66,907
Central	5,917
Operation of Non-Instructional Services:	
Food Service	35,411
Extracurricular Activities	165,915
Total Depreciation Expense	<u><u>\$901,844</u></u>

### **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 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, 2005, (latest information available) 10.57% was allocated to fund the pension benefit and 3.43% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$213,636, \$200,988, and \$184,884, respectively, which were equal to the required contributions for each year.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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

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

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. 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 2005 employer contribution rate (latest information available) that was used to fund health care for the year 2005 was 3.43%. 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 2006, 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 \$81,957.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ended June 30, 2005 were \$178,221,113. 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, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. 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 58,123.

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2005, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$896,376, \$803,580, and \$765,732, 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, 2005, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$64,027 for the District. The balance of the Health Care Stabilization Fund was \$3.3 billion at June 30, 2005. For the fiscal year ended June 30, 2005, the net health care costs paid by STRS were \$254,780,000. There were 115,395 eligible benefit recipients.



## **HEATH CITY SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006**

#### **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, 2006 is as follows:

		Balance June 30, 2005	Issued	Retired	Balance June 30, 2006	Due Within One Year
<b>Governmental Activities:</b>						
Long-Term Notes Payable:						
Permanent Improvement	4.70%	\$200,000	\$0	(\$100,000)	\$100,000	\$100,000
Energy Conservation Project	4.50%	120,000	0	(60,000)	60,000	60,000
School Bus Purchase	3.77%	0	164,000	(30,000)	134,000	32,000
Total Long-Term Notes Payable		<u>320,000</u>	<u>164,000</u>	<u>(190,000)</u>	<u>294,000</u>	<u>192,000</u>
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	975,000	0	(5,000)	970,000	5,000
School Improvement Bonds	4.35-5.6%	15,643,718	0	(12,695,000)	2,948,718	515,000
School Improvement Bonds-Refunding	2.75-4.2%	0	9,999,987	(155,000)	9,844,987	120,000
School Improvement Bonds-Refunding	3.6-4%	0	2,494,999	0	2,494,999	75,000
Subtotal General Obligation Bonds Payable		16,618,718	12,494,986	(12,855,000)	16,258,704	715,000
Premium on Refunding Bonds		0	1,275,918	(49,844)	1,226,074	0
Deferred Loss on Refunding		0	(1,038,778)	95,776	(943,002)	0
Interest Accretion		210,937	132,295	0	343,232	0
Total General Obligation Bonds Payable		<u>16,829,655</u>	<u>12,864,421</u>	<u>(12,809,068)</u>	<u>16,885,008</u>	<u>715,000</u>
Capital Leases		185,266	0	(45,659)	139,607	48,293
Compensated Absences		1,082,062	147,616	(90,916)	1,138,762	69,138
Total Governmental Activities		<u>\$18,416,983</u>	<u>\$13,176,037</u>	<u>(\$13,135,643)</u>	<u>\$18,457,377</u>	<u>\$1,024,431</u>

## **HEATH CITY SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

**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, 2006, follows:

Years	Long-Term Notes Payable		General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$192,000	\$8,857	\$715,000	\$640,180	\$48,293	\$6,618
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
2012-2016	0	0	2,278,717	4,578,398	0	0
2017-2021	0	0	2,804,987	4,133,017	0	0
2022-2026	0	0	6,005,000	1,033,985	0	0
2027-2028	0	0	1,535,000	46,288	0	0
Totals	<u>\$294,000</u>	<u>\$16,623</u>	<u>\$16,258,704</u>	<u>\$12,657,469</u>	<u>\$139,607</u>	<u>\$11,399</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, 2006, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding. The District reduced its aggregate debt service payments over the life of the refunded bonds by \$1,290,653 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$946,580.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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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, 2006:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2007	\$54,911
2008	54,911
2009	<u>41,184</u>
Minimum Lease Payments	151,006
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(11,399)</u>
Present Value of minimum lease payments	<u><u>\$139,607</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, 2006***

#### **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, 2006, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget		Total
			Designation	Reserve	
Set-aside Cash Balance as of June 30, 2005	\$130,237	(\$2,634,925)	\$10,026	\$67,516	(\$2,427,146)
Current Year Additions	236,111	236,111	0	0	472,222
Current Year Disbursements	(81,971)	(184,286)	0	0	(266,257)
Set-aside Balance at June 30, 2006	<u>\$284,377</u>	<u>(\$2,583,100)</u>	<u>\$10,026</u>	<u>\$67,516</u>	<u>(\$2,221,181)</u>
Balance Carried Forward to FY2007	<u>\$284,377</u>	<u>(\$2,583,100)</u>	<u>\$10,026</u>	<u>\$67,516</u>	<u>(\$2,221,181)</u>
Restricted Cash Balance at June 30, 2006	<u>\$284,377</u>	<u>\$0</u>	<u>\$0</u>	<u>\$67,516</u>	<u>\$351,893</u>

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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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 \$351,893 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 \$64,907 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, 2006.

##### **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, 2006.

#### **NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE**

The District has implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, which amends NCGA Statement 1. Implementation of this GASB had no impact on the District's financial position or results of operation.

**HEATH CITY SCHOOL DISTRICT**

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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

# ***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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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

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

### **OhioReads Fund**

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

### **Summer Intervention Fund**

To account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Ohio Revised Code. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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

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

### **Vocational Education Fund**

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

### **Title I Fund**

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

### **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, 2006***

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	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 380,566	\$ 15,037	\$ 395,603
Inventory	14,301	0	14,301
<b>Total Assets</b>	<b>\$ 394,867</b>	<b>\$ 15,037</b>	<b>\$ 409,904</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 944	\$ 781	\$ 1,725
Accrued Wages and Benefits	74,155	0	74,155
Intergovernmental Payable	23,309	0	23,309
<b>Total Liabilities</b>	<b>98,408</b>	<b>781</b>	<b>99,189</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	34,936	6,959	41,895
Reserved for Supplies Inventory	14,301	0	14,301
Unreserved, Undesignated in:			
Special Revenue Funds	247,222	0	247,222
Capital Projects Funds	0	7,297	7,297
<b>Total Fund Balances</b>	<b>296,459</b>	<b>14,256</b>	<b>310,715</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 394,867</b>	<b>\$ 15,037</b>	<b>\$ 409,904</b>

## HEATH CITY SCHOOL DISTRICT

### *Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Local Sources:			
Food Services	\$ 300,649	\$ 0	\$ 300,649
Investment Earnings	3,468	14,191	17,659
Extracurricular Activities	79,875	0	79,875
Class Materials and Fees	87,092	0	87,092
Intergovernmental - State	36,840	0	36,840
Intergovernmental - Federal	801,138	0	801,138
All Other Revenue	168,766	0	168,766
<b>Total Revenue</b>	<b>1,477,828</b>	<b>14,191</b>	<b>1,492,019</b>
<b>Expenditures:</b>			
Current:			
Instruction	486,678	1,231	487,909
Supporting Services:			
Pupils	213,333	0	213,333
Instructional Staff	128,065	0	128,065
Fiscal Services	999	0	999
Business	8,613	0	8,613
Operation and Maintenance of Plant	0	6,806	6,806
Central	21,777	0	21,777
Operation of Non-Instructional Services:			
Community Services	4,458	0	4,458
Food Service Operations	468,134	0	468,134
Extracurricular Activities	114,416	0	114,416
Capital Outlay	0	1,118	1,118
<b>Total Expenditures</b>	<b>1,446,473</b>	<b>9,155</b>	<b>1,455,628</b>
Excess (Deficiency) of Revenues Over Expenditures	31,355	5,036	36,391
<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	46,355	5,036	51,391
<b>Fund Balances at Beginning of Year</b>	<b>248,915</b>	<b>9,220</b>	<b>258,135</b>
Increase in Inventory Reserve	1,189	0	1,189
<b>Fund Balances End of Year</b>	<b>\$ 296,459</b>	<b>\$ 14,256</b>	<b>\$ 310,715</b>

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2006***

	Food Service	Uniform School Supply	Rotary	Public School Support
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 110,951	\$ 56,051	\$ 12,903	\$ 67,640
Inventory	14,301	0	0	0
<b>Total Assets</b>	<b>\$ 125,252</b>	<b>\$ 56,051</b>	<b>\$ 12,903</b>	<b>\$ 67,640</b>
 <b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 153	\$ 60	\$ 69
Accrued Wages and Benefits	22,242	0	0	0
Intergovernmental Payable	22,841	0	0	0
<b>Total Liabilities</b>	<b>45,083</b>	<b>153</b>	<b>60</b>	<b>69</b>
 <b>Fund Balances:</b>				
Reserved for Encumbrances	0	367	0	8,243
Reserved for Supplies Inventory	14,301	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	65,868	55,531	12,843	59,328
<b>Total Fund Balances</b>	<b>80,169</b>	<b>55,898</b>	<b>12,843</b>	<b>67,571</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 125,252</b>	<b>\$ 56,051</b>	<b>\$ 12,903</b>	<b>\$ 67,640</b>

**HEATH CITY SCHOOL DISTRICT**

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<u>Other Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Management Information System</u>	<u>Data Communication</u>
\$ 9,789	\$ 3,630	\$ 1,899	\$ 20,349	\$ 6,145
0	0	0	0	0
<u>\$ 9,789</u>	<u>\$ 3,630</u>	<u>\$ 1,899</u>	<u>\$ 20,349</u>	<u>\$ 6,145</u>
\$ 662	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
0	0	0	0	0
<u>662</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4,342	1,328	0	19,952	0
0	0	0	0	0
<u>4,785</u>	<u>2,302</u>	<u>1,899</u>	<u>397</u>	<u>6,145</u>
<u>9,127</u>	<u>3,630</u>	<u>1,899</u>	<u>20,349</u>	<u>6,145</u>
<u>\$ 9,789</u>	<u>\$ 3,630</u>	<u>\$ 1,899</u>	<u>\$ 20,349</u>	<u>\$ 6,145</u>

(Continued)

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2006***

	Interactive Video Distance Learning Grant	Title VI-B	Vocational Education	Title I
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 101	\$ 32,950	\$ 565	\$ 45,690
Inventory	0	0	0	0
<b>Total Assets</b>	<b>\$ 101</b>	<b>\$ 32,950</b>	<b>\$ 565</b>	<b>\$ 45,690</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	27,433	0	24,480
Intergovernmental Payable	0	398	0	70
<b>Total Liabilities</b>	<b>0</b>	<b>27,831</b>	<b>0</b>	<b>24,550</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	101	5,119	565	21,140
<b>Total Fund Balances</b>	<b>101</b>	<b>5,119</b>	<b>565</b>	<b>21,140</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 101</b>	<b>\$ 32,950</b>	<b>\$ 565</b>	<b>\$ 45,690</b>

**HEATH CITY SCHOOL DISTRICT**

Title V	Drug Free Grant	Telecom- munications	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 14	\$ 256	\$ 1,016	\$ 4,179	\$ 6,438	\$ 380,566
0	0	0	0	0	14,301
<u>\$ 14</u>	<u>\$ 256</u>	<u>\$ 1,016</u>	<u>\$ 4,179</u>	<u>\$ 6,438</u>	<u>\$ 394,867</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 944
0	0	0	0	0	74,155
0	0	0	0	0	23,309
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>98,408</u>
0	0	0	704	0	34,936
0	0	0	0	0	14,301
<u>14</u>	<u>256</u>	<u>1,016</u>	<u>3,475</u>	<u>6,438</u>	<u>247,222</u>
<u>14</u>	<u>256</u>	<u>1,016</u>	<u>4,179</u>	<u>6,438</u>	<u>296,459</u>
<u>\$ 14</u>	<u>\$ 256</u>	<u>\$ 1,016</u>	<u>\$ 4,179</u>	<u>\$ 6,438</u>	<u>\$ 394,867</u>

## HEATH CITY SCHOOL DISTRICT

### Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2006

	Food Service	Uniform School Supply	Rotary	Public School Support	Other Grants
<b>Revenues:</b>					
Local Sources:					
Food Services	\$ 300,649	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	2,680	0	223	0	0
Extracurricular Activities	0	0	0	0	0
Class Materials and Fees	0	87,092	0	0	0
Intergovernmental - State	4,465	0	0	0	0
Intergovernmental - Federal	178,321	0	0	0	0
All Other Revenue	7,648	0	11,195	124,387	3,500
<b>Total Revenue</b>	<b>493,763</b>	<b>87,092</b>	<b>11,418</b>	<b>124,387</b>	<b>3,500</b>
<b>Expenditures:</b>					
Current:					
Instruction	0	79,960	6,537	0	2,521
Supporting Services:					
Pupils	0	0	0	107,263	421
Instructional Staff	0	0	0	3,266	0
Fiscal Services	0	0	753	0	0
Business	0	0	0	0	0
Central	0	0	0	6,900	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Food Service Operations	468,134	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<b>468,134</b>	<b>79,960</b>	<b>7,290</b>	<b>117,429</b>	<b>2,942</b>
Excess (Deficiency) of Revenues Over Expenditures					
	25,629	7,132	4,128	6,958	558
<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	25,629	7,132	4,128	6,958	558
<b>Fund Balances at Beginning of Year</b>	<b>53,351</b>	<b>48,766</b>	<b>8,715</b>	<b>60,613</b>	<b>8,569</b>
Increase in Inventory Reserve	1,189	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 80,169</b>	<b>\$ 55,898</b>	<b>\$ 12,843</b>	<b>\$ 67,571</b>	<b>\$ 9,127</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
565	0	0	0	0	0
79,875	0	0	0	0	0
0	0	0	0	0	0
0	6,142	5,524	3,509	15,200	0
0	0	0	0	0	0
22,036	0	0	0	0	0
<u>102,476</u>	<u>6,142</u>	<u>5,524</u>	<u>3,509</u>	<u>15,200</u>	<u>0</u>
0	0	0	0	3,702	0
0	0	0	0	0	0
0	0	0	0	0	0
0	246	0	0	0	0
0	0	8,613	0	0	0
0	0	0	2,877	12,000	0
0	4,458	0	0	0	0
0	0	0	0	0	0
114,416	0	0	0	0	0
<u>114,416</u>	<u>4,704</u>	<u>8,613</u>	<u>2,877</u>	<u>15,702</u>	<u>0</u>
(11,940)	1,438	(3,089)	632	(502)	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>
3,060	1,438	(3,089)	632	(502)	0
570	461	23,438	5,513	502	101
0	0	0	0	0	0
<u>\$ 3,630</u>	<u>\$ 1,899</u>	<u>\$ 20,349</u>	<u>\$ 6,145</u>	<u>\$ 0</u>	<u>\$ 101</u>

(Continued)

## HEATH CITY SCHOOL DISTRICT

### *Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2006*

	OhioReads	Summer Intervention	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	0	0	0	0
Intergovernmental - Federal	0	0	345,520	0	237,772
All Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	2,000	0	345,520	0	237,772
<b>Expenditures:</b>					
Current:					
Instruction	0	2,931	164,389	281	217,599
Supporting Services:					
Pupils	0	0	91,993	0	0
Instructional Staff	2,000	0	89,444	0	3,192
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>	2,000	2,931	345,826	281	220,791
Excess (Deficiency) of Revenues Over Expenditures					
	0	(2,931)	(306)	(281)	16,981
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	0	0	0	0	0
Net Change in Fund Balance	0	(2,931)	(306)	(281)	16,981
<b>Fund Balances at Beginning of Year</b>	0	2,931	5,425	846	4,159
Increase in Inventory Reserve	0	0	0	0	0
<b>Fund Balances End of Year</b>	\$ 0	\$ 0	\$ 5,119	\$ 565	\$ 21,140

## 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	\$ 300,649
0	0	0	0	0	3,468
0	0	0	0	0	79,875
0	0	0	0	0	87,092
0	0	0	0	0	36,840
6,352	7,894	0	23,075	2,204	801,138
0	0	0	0	0	168,766
<u>6,352</u>	<u>7,894</u>	<u>0</u>	<u>23,075</u>	<u>2,204</u>	<u>1,477,828</u>
7,280	1,478	0	0	0	486,678
0	13,656	0	0	0	213,333
0	0	0	29,900	263	128,065
0	0	0	0	0	999
0	0	0	0	0	8,613
0	0	0	0	0	21,777
0	0	0	0	0	4,458
0	0	0	0	0	468,134
0	0	0	0	0	114,416
<u>7,280</u>	<u>15,134</u>	<u>0</u>	<u>29,900</u>	<u>263</u>	<u>1,446,473</u>
(928)	(7,240)	0	(6,825)	1,941	31,355
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
(928)	(7,240)	0	(6,825)	1,941	46,355
942	7,496	1,016	11,004	4,497	248,915
0	0	0	0	0	1,189
<u>\$ 14</u>	<u>\$ 256</u>	<u>\$ 1,016</u>	<u>\$ 4,179</u>	<u>\$ 6,438</u>	<u>\$ 296,459</u>

## **HEATH CITY SCHOOL DISTRICT**

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***Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2006***

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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	\$ 14,439	\$ 598	\$ 15,037
<b>Total Assets</b>	<u>\$ 14,439</u>	<u>\$ 598</u>	<u>\$ 15,037</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 781	\$ 0	\$ 781
<b>Total Liabilities</b>	<u>781</u>	<u>0</u>	<u>781</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	6,959	0	6,959
Unreserved, Undesignated in:			
Capital Projects Funds	6,699	598	7,297
<b>Total Fund Balances</b>	<u>13,658</u>	<u>598</u>	<u>14,256</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 14,439</u>	<u>\$ 598</u>	<u>\$ 15,037</u>

## HEATH CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2006***

	Building	Vocational Education Equipment	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
Local Sources:			
Investment Earnings	\$ 14,191	\$ 0	\$ 14,191
<b>Total Revenue</b>	14,191	0	14,191
<b>Expenditures:</b>			
Current:			
Instruction	1,231	0	1,231
Supporting Services:			
Operation and Maintenance of Plant	6,806	0	6,806
Capital Outlay	1,118	0	1,118
<b>Total Expenditures</b>	9,155	0	9,155
Excess (Deficiency) of Revenues Over Expenditures	5,036	0	5,036
<b>Fund Balances at Beginning of Year</b>	8,622	598	9,220
<b>Fund Balances End of Year</b>	\$ 13,658	\$ 598	\$ 14,256

## 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, 2006***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 1,315,623	\$ 1,315,590	\$ (33)
Investment Earnings	241	241	0
Intergovernmental - State	137,876	137,851	(25)
Total Revenues	<u>1,453,740</u>	<u>1,453,682</u>	<u>(58)</u>
<b>Expenditures:</b>			
Current:			
Support Services:			
Fiscal Services	19,061	19,061	0
Total Support Services	<u>19,061</u>	<u>19,061</u>	<u>0</u>
Debt Service:			
Principal Retirement	550,000	550,000	0
Interest and Fiscal Charges	682,284	526,107	156,177
Total Debt Service	<u>1,232,284</u>	<u>1,076,107</u>	<u>156,177</u>
Total Expenditures	<u>1,251,345</u>	<u>1,095,168</u>	<u>156,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	202,395	358,514	156,119
<b>Other Financing Sources (Uses):</b>			
Premium on General Obligation Notes Issued	5,798	5,798	0
Total Other Financing Sources (Uses)	<u>5,798</u>	<u>5,798</u>	<u>0</u>
Net Change in Fund Balance	208,193	364,312	156,119
Fund Balance at Beginning of Year	40,155	40,155	0
Fund Balance at End of Year	<u>\$ 248,348</u>	<u>\$ 404,467</u>	<u>\$ 156,119</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, 2006***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 114,450	\$ 114,395	\$ (55)
Investment Earnings	40,200	45,025	4,825
Intergovernmental - State	18,726	18,685	(41)
All Other Revenues	210	210	0
Total Revenues	173,586	178,315	4,729
<b>Expenditures:</b>			
Instructional Services	165,519	144,725	20,794
Support Services:			
Fiscal Services	4,200	3,881	319
Capital Outlay	393,167	370,254	22,913
Total Expenditures	562,886	518,860	44,026
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(389,300)	(340,545)	48,755
Fund Balance at Beginning of Year	945,297	945,297	0
Prior Year Encumbrances	51,786	51,786	0
Fund Balance at End of Year	\$ 607,783	\$ 656,538	\$ 48,755

## **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, 2006***

### **FOOD SERVICE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Food Services	\$ 299,300	\$ 300,649	\$ 1,349
Investment Earnings	16,000	15,880	(120)
Intergovernmental - State	4,475	4,465	(10)
Intergovernmental - Federal	133,575	133,573	(2)
All Other Revenues	7,650	7,648	(2)
Total Revenues	<u>461,000</u>	<u>462,215</u>	<u>1,215</u>
<b>Expenditures:</b>			
Non-Instructional Services:			
Food Service Operations	432,364	422,053	10,311
Total Expenditures	<u>432,364</u>	<u>422,053</u>	<u>10,311</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,636	40,162	11,526
Fund Balance at Beginning of Year	70,339	70,339	0
Prior Year Encumbrances	450	450	0
Fund Balance at End of Year	<u>\$ 99,425</u>	<u>\$ 110,951</u>	<u>\$ 11,526</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, 2006***

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### UNIFORM SCHOOL SUPPLY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Class Materials and Fees	\$ 87,210	\$ 87,092	\$ (118)
Total Revenues	<u>87,210</u>	<u>87,092</u>	<u>(118)</u>
<b>Expenditures:</b>			
Instructional Services	114,253	82,532	31,721
Total Expenditures	<u>114,253</u>	<u>82,532</u>	<u>31,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,043)	4,560	31,603
Fund Balance at Beginning of Year	51,091	51,091	0
Prior Year Encumbrances	33	33	0
Fund Balance at End of Year	<u>\$ 24,081</u>	<u>\$ 55,684</u>	<u>\$ 31,603</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, 2006***

<b>ROTARY FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 205	\$ 223	\$ 18
All Other Revenues	11,205	11,195	(10)
Total Revenues	11,410	11,418	8
<b>Expenditures:</b>			
Instructional Services	13,718	6,537	7,181
Support Services:			
Pupils	60	0	60
Fiscal Services	1,000	738	262
Total Expenditures	14,778	7,275	7,503
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,368)	4,143	7,511
Fund Balance at Beginning of Year	8,760	8,760	0
Fund Balance at End of Year	\$ 5,392	\$ 12,903	\$ 7,511

## 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, 2006***

### PUBLIC SCHOOL SUPPORT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 124,345	\$ 124,387	\$ 42
Total Revenues	124,345	124,387	42
<b>Expenditures:</b>			
Support Services:			
Pupils	159,513	121,537	37,976
Instructional Staff	5,998	3,266	2,732
Central	12,006	7,916	4,090
Total Expenditures	177,517	132,719	44,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,172)	(8,332)	44,840
Fund Balance at Beginning of Year	59,269	59,269	0
Prior Year Encumbrances	7,385	7,385	0
Fund Balance at End of Year	\$ 13,482	\$ 58,322	\$ 44,840

## 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, 2006***

### OTHER GRANTS FUND

	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	9,677	6,764	2,913
Support Services:			
Pupils	1,494	700	794
Fiscal Services	1,077	0	1,077
Total Expenditures	12,248	7,464	4,784
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,748)	(3,964)	4,784
Fund Balance at Beginning of Year	8,573	8,573	0
Prior Year Encumbrances	175	175	0
Fund Balance at End of Year	\$ 0	\$ 4,784	\$ 4,784

## 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, 2006***

### DISTRICT MANAGED STUDENT ACTIVITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 550	\$ 565	\$ 15
Extracurricular Activities	79,930	79,875	(55)
All Other Revenues	22,050	22,036	(14)
Total Revenues	102,530	102,476	(54)
<b>Expenditures:</b>			
Extracurricular Activities	119,103	118,094	1,009
Total Expenditures	119,103	118,094	1,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,573)	(15,618)	955
<b>Other Financing Sources (Uses):</b>			
Transfers In	15,000	15,000	0
Total Other Financing Sources (Uses)	15,000	15,000	0
Net Change in Fund Balance	(1,573)	(618)	955
Fund Balance at Beginning of Year	575	575	0
Prior Year Encumbrances	2,345	2,345	0
Fund Balance at End of Year	\$ 1,347	\$ 2,302	\$ 955

## 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, 2006***

### AUXILIARY SERVICES FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 6,145	\$ 6,142	\$ (3)
Total Revenues	6,145	6,142	(3)
<b>Expenditures:</b>			
Support Services:			
Fiscal Services	246	246	0
Community Services	6,357	4,458	1,899
Total Expenditures	6,603	4,704	1,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	(458)	1,438	1,896
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	461	461	0
Fund Balance at End of Year	\$ 3	\$ 1,899	\$ 1,896

## 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, 2006***

### MANAGEMENT INFORMATION SYSTEM FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 5,525	\$ 5,524	\$ (1)
Total Revenues	5,525	5,524	(1)
<b>Expenditures:</b>			
Support Services:			
Business	28,962	28,565	397
Total Expenditures	28,962	28,565	397
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(23,437)	(23,041)	396
Fund Balance at Beginning of Year			
Prior Year Encumbrances	499	499	0
Fund Balance at End of Year	\$ 1	\$ 397	\$ 396

## 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, 2006***

### DATA COMMUNICATION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 3,509	\$ 3,509	\$ 0
Total Revenues	3,509	3,509	0
<b>Expenditures:</b>			
Support Services:			
Central	5,513	2,877	2,636
Total Expenditures	5,513	2,877	2,636
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(2,004)	632	2,636
Fund Balance at Beginning of Year	5,513	5,513	0
Fund Balance at End of Year	\$ 3,509	\$ 6,145	\$ 2,636



## 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, 2006***

### SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 15,200	\$ 15,200	\$ 0
Total Revenues	15,200	15,200	0
<b>Expenditures:</b>			
Instructional Services	3,702	3,702	0
Support Services:			
Central	12,000	12,000	0
Total Expenditures	15,702	15,702	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(502)	(502)	0
Fund Balance at Beginning of Year	502	502	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, 2006***

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### INTERACTIVE VIDEO DISTANCE LEARNING GRANT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Instructional Services	101	0	101
Total Expenditures	101	0	101
Excess (Deficiency) of Revenues Over (Under) Expenditures	(101)	0	101
Fund Balance at Beginning of Year	101	101	0
Fund Balance at End of Year	\$ 0	\$ 101	\$ 101

## 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, 2006***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OHIOREADS FUND</b>			
<b>Revenues:</b>			
Intergovernmental - State	\$ 2,000	\$ 2,000	\$ 0
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<b>Expenditures:</b>			
Support Services:			
Instructional Staff	2,000	2,000	0
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>
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	<u>\$ 0</u>	<u>\$ 0</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, 2006***

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### SUMMER INTERVENTION FUND

	<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>          3,272</u>	<u>          3,272</u>	<u>          0</u>
Total Expenditures	<u>          3,272</u>	<u>          3,272</u>	<u>          0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,272)	(3,272)	0
Fund Balance at Beginning of Year	<u>          3,272</u>	<u>          3,272</u>	<u>          0</u>
Fund Balance at End of Year	<u><u>\$          0</u></u>	<u><u>\$          0</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, 2006***

### TITLE VI-B FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 345,520	\$ 345,520	\$ 0
Total Revenues	345,520	345,520	0
<b>Expenditures:</b>			
Instructional Services	181,919	163,239	18,680
Support Services:			
Pupils	95,915	86,512	9,403
Instructional Staff	92,192	87,325	4,867
Total Expenditures	370,026	337,076	32,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,506)	8,444	32,950
Fund Balance at Beginning of Year	22,506	22,506	0
Prior Year Encumbrances	2,000	2,000	0
Fund Balance at End of Year	\$ 0	\$ 32,950	\$ 32,950

## 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, 2006*

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### VOCATIONAL EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Instructional Services	846	281	565
Total Expenditures	846	281	565
Excess (Deficiency) of Revenues Over (Under) Expenditures	(846)	(281)	565
Fund Balance at Beginning of Year	846	846	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 565</u>	<u>\$ 565</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, 2006***

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 239,372	\$ 240,772	\$ 1,400
Total Revenues	239,372	240,772	1,400
<b>Expenditures:</b>			
Instructional Services	263,947	218,470	45,477
Support Services:			
Instructional Staff	3,405	3,192	213
Total Expenditures	267,352	221,662	45,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,980)	19,110	47,090
Fund Balance at Beginning of Year	26,580	26,580	0
Fund Balance at End of Year	\$ (1,400)	\$ 45,690	\$ 47,090

## 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, 2006**

	TITLE V FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 6,352	\$ 6,352	\$ 0
Total Revenues	6,352	6,352	0
<b>Expenditures:</b>			
Instructional Services	7,643	7,629	14
Total Expenditures	7,643	7,629	14
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,291)	(1,277)	14
Fund Balance at Beginning of Year	14	14	0
Prior Year Encumbrances	1,277	1,277	0
Fund Balance at End of Year	\$ 0	\$ 14	\$ 14



## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

### DRUG FREE GRANT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 13,104	\$ 13,104	\$ 0
Total Revenues	13,104	13,104	0
<b>Expenditures:</b>			
Instructional Services	1,509	1,478	31
Support Services:			
Instructional Staff	13,881	13,656	225
Total Expenditures	15,390	15,134	256
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,286)	(2,030)	256
<b>Other Financing Sources (Uses):</b>			
Advances Out	(5,210)	(5,210)	0
Total Other Financing Sources (Uses):	(5,210)	(5,210)	0
Net Change in Fund Balance	(7,496)	(7,240)	256
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	7,496	7,496	0
Fund Balance at End of Year	\$ 0	\$ 256	\$ 256

## 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, 2006***

### TELECOMMUNICATIONS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Support Services:			
Central	1,016	0	1,016
Total Expenditures	1,016	0	1,016
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,016)	0	1,016
Fund Balance at Beginning of Year	1,016	1,016	0
Fund Balance at End of Year	\$ 0	\$ 1,016	\$ 1,016

## 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, 2006***

### IMPROVING TEACHER QUALITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 35,407	\$ 34,584	\$ (823)
Total Revenues	35,407	34,584	(823)
<b>Expenditures:</b>			
Support Services:			
Instructional Staff	32,573	30,698	1,875
Total Expenditures	32,573	30,698	1,875
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,834	3,886	1,052
<b>Other Financing Sources (Uses):</b>			
Advances Out	(11,509)	(11,509)	0
Total Other Financing Sources (Uses)	(11,509)	(11,509)	0
Net Change in Fund Balance	(8,675)	(7,623)	1,052
Fund Balance at Beginning of Year	94	94	0
Prior Year Encumbrances	11,004	11,004	0
Fund Balance at End of Year	\$ 2,423	\$ 3,475	\$ 1,052

## **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, 2006***

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### **OTHER FEDERAL GRANTS FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 2,204	\$ 2,204	\$ 0
Total Revenues	<u>2,204</u>	<u>2,204</u>	<u>0</u>
<b>Expenditures:</b>			
Support Services:			
Instructional Staff	2,204	263	1,941
Total Expenditures	<u>2,204</u>	<u>263</u>	<u>1,941</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1,941	1,941
Fund Balance at Beginning of Year	<u>4,497</u>	<u>4,497</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,497</u>	<u>\$ 6,438</u>	<u>\$ 1,941</u>

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2006***

<b>BUILDING FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 13,500	\$ 14,191	\$ 691
Total Revenues	13,500	14,191	691
<b>Expenditures:</b>			
Instructional Services	1,000	1,000	0
Supporting Services:			
Operation and Maintenance of Plant Services	17,600	13,996	3,604
Capital Outlay	1,200	1,118	82
Total Expenditures	19,800	16,114	3,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,300)	(1,923)	4,377
Fund Balance at Beginning of Year	8,622	8,622	0
Fund Balance at End of Year	\$ 2,322	\$ 6,699	\$ 4,377

## **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, 2006***

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### VOCATIONAL EDUCATION EQUIPMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Instructional Services	598	0	598
Total Expenditures	598	0	598
Excess (Deficiency) of Revenues Over (Under) Expenditures	(598)	0	598
Fund Balance at Beginning of Year	598	598	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 598</u>	<u>\$ 598</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, 2006***

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	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
<b><i>Student Managed Activity Fund</i></b>				
Assets:				
Cash and Cash Equivalents	\$38,406	\$133,947	(\$128,131)	\$44,222
Total Assets	<u>\$38,406</u>	<u>\$133,947</u>	<u>(\$128,131)</u>	<u>\$44,222</u>
Liabilities:				
Due to Students	\$38,406	\$133,947	(\$128,131)	\$44,222
Total Liabilities	<u>\$38,406</u>	<u>\$133,947</u>	<u>(\$128,131)</u>	<u>\$44,222</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, 2006***

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Capital Assets

Land	\$438,952
Land Improvements	2,145,717
Buildings and Improvements	21,339,366
Machinery and Equipment	1,124,657
Vehicles	893,940
Construction In Progress	159,870
Total Capital Assets	<u><u>\$26,102,502</u></u>

Investment in Capital Assets from:

General Fund	\$4,982,971
Special Revenue Fund	744,881
Capital Project Funds	20,374,650
Total Investment in Capital Assets	<u><u>\$26,102,502</u></u>

## HEATH CITY SCHOOL DISTRICT

*Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2006*

Function and Activity	Land	Construction in Progress	Land Improvements	Buildings and Improvements
Instruction	\$0	\$159,870	\$776,618	\$20,638,067
Support Services:				
Instructional Staff	0	0	0	0
Administration	0	0	0	116,806
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	107,000
Pupil Transportation	0	0	121,739	349,642
Central	0	0	0	0
Operations of Non-Instructional Services:				
Food Service Operations	0		0	0
Extracurricular Activities	0	0	1,247,360	127,851
Facility Acquisition and Improvement	438,952	0	0	0
Total Capital Assets	<u>\$438,952</u>	<u>\$159,870</u>	<u>\$2,145,717</u>	<u>\$21,339,366</u>

**HEATH CITY SCHOOL DISTRICT**

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<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
\$693,130	\$0	\$22,267,685
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
29,586	0	29,586
65,801	0	65,801
8,194	0	1,383,405
0	0	438,952
<u>\$1,124,657</u>	<u>\$893,940</u>	<u>\$26,102,502</u>

## **HEATH CITY SCHOOL DISTRICT**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity  
For the Fiscal Year Ended June 30, 2006***

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Function and Activity	June 30, 2005	Additions	Deletions	June 30, 2006
Instruction	\$22,066,132	\$201,553	\$0	\$22,267,685
Support Services:				
Instructional Staff	220,047	0	0	220,047
Administration	189,393	0	0	189,393
Business	0	19,902	0	19,902
Operation and Maintenance of Plant	159,474	0	0	159,474
Pupil Transportation	1,102,057	226,200	0	1,328,257
Central	29,586	0	0	29,586
Operations of Non-Instructional Services:				
Food Service Operations	65,801	0	0	65,801
Extracurricular Activities	1,368,510	14,895	0	1,383,405
Facility Acquisition and Improvement	438,952	0	0	438,952
Total Capital Assets	<u>\$25,639,952</u>	<u>\$462,550</u>	<u>\$0</u>	<u>\$26,102,502</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.

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### Contents

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<b>Financial Trends</b>	S 3 – S 11
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 12 – S 19
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 20 – S 27
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 28 – S 31
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 32 – S 43
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*

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

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

Source: District Treasurer's Office

## *Heath City School District*

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<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><u>\$13,829,440</u></u>	<u><u>\$15,058,188</u></u>	<u><u>\$15,454,458</u></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><u>1,231,598</u></u>	<u><u>1,364,887</u></u>	<u><u>1,490,059</u></u>

## Heath City School District

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

	2004	2005	2006
<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*

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$31,704	\$516,862	\$1,588,953	\$645,274
Unreserved	<u>(43,249)</u>	<u>(127,109)</u>	<u>(662,177)</u>	<u>(95,381)</u>
<i>Total General Fund</i>	<u>(11,545)</u>	<u>389,753</u>	<u>926,776</u>	<u>549,893</u>
All Other Governmental Funds				
Reserved	138,502	328,388	98,855	153,187
Unreserved, Undesignated in:				
Special Revenue Funds	84,628	116,736	108,058	71,234
Debt Service Funds	0	0	0	0
Capital Projects Funds	<u>81,762</u>	<u>(222,485)</u>	<u>192,755</u>	<u>934,946</u>
Total All Other Governmental Funds	<u>304,892</u>	<u>222,639</u>	<u>399,668</u>	<u>1,159,367</u>
<i>Total Governmental Funds</i>	<u><u>\$293,347</u></u>	<u><u>\$612,392</u></u>	<u><u>\$1,326,444</u></u>	<u><u>\$1,709,260</u></u>

Source: District Treasurer's Office

*Heath City School District*

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2001	2002	2003	2004	2005	2006
\$1,020,738	\$773,197	\$871,544	\$1,058,231	\$1,087,811	\$1,040,193
(979,517)	(841,230)	(436,229)	15,056	164,873	21,354
41,221	(68,033)	435,315	1,073,287	1,252,684	1,061,547
3,530,053	1,872,062	183,823	185,735	244,300	734,089
159,078	143,442	135,060	208,146	211,556	247,222
(325,000)	(162,500)	(37,500)	0	0	0
12,299,514	962,485	35,155	24,036	954,517	663,834
15,663,645	2,815,489	316,538	417,917	1,410,373	1,645,145
<u>\$15,704,866</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>

## *Heath City School District*

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

	1997	1998	1999	2000
<b>Revenues:</b>				
Local Sources:				
Taxes	\$4,979,580	\$5,445,558	\$6,156,123	\$5,695,719
Tuition	27,614	16,155	42,592	61,129
Food Service	0	0	0	0
Investment Earnings	109,600	121,960	102,924	164,548
Extracurricular Activities	72,583	82,074	58,642	54,117
Class Materials and Fees	0	0	0	0
Intergovernmental - State	1,752,085	2,053,682	2,284,912	2,449,928
Intergovernmental - Federal	133,309	111,073	124,894	80,276
All Other Revenue	103,944	125,114	200,961	150,045
<b>Total Revenue</b>	<u>7,178,715</u>	<u>7,955,616</u>	<u>8,971,048</u>	<u>8,655,762</u>
<b>Expenditures:</b>				
Current:				
Instruction	4,637,876	4,186,690	4,723,553	5,100,814
Supporting Services:				
Pupils	472,098	427,074	478,355	510,296
Instructional Staff	266,260	287,335	286,163	356,954
Board of Education	8,342	6,988	16,922	12,831
Administration	740,887	779,186	800,459	903,113
Fiscal Services	307,289	320,081	316,590	387,732
Business	51,650	110,929	16,003	32,435
Operation and Maintenance of Plant	1,095,851	889,303	919,220	829,811
Pupil Transportation	191,953	239,337	314,317	276,831
Central	41,689	46,123	137,245	112,203
Operation of Non-Instructional Services				
Community Services	6,788	33,909	36,787	50,762
Food Service Operations (1)	0	0	0	0
Extracurricular Activities	194,578	180,415	272,077	242,938
Other Expenditures	3,101	3,053	28,957	59,914
Capital Outlay	7,282	2,416	168,713	215,593
Debt Service:				
Principal Retirement	25,000	130,000	130,000	160,000
Interest and Fiscal Charges	70,479	74,881	65,233	189,069
<b>Total Expenditures</b>	<u>8,121,123</u>	<u>7,717,720</u>	<u>8,710,594</u>	<u>9,441,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(942,408)	237,896	260,454	(785,534)



*Heath City School District*

2001	2002	2003	2004	2005	2006
\$6,810,534	\$7,315,048	\$7,749,658	\$8,014,207	\$8,217,228	\$8,316,370
109,700	113,533	111,934	108,289	88,595	78,323
0	0	0	280,018	281,668	300,649
1,733,133	439,605	38,253	23,310	81,707	158,998
60,091	58,882	62,599	63,930	74,588	79,875
0	0	0	82,661	80,798	87,092
2,800,322	3,739,966	4,107,266	4,540,879	4,666,593	5,053,501
210,315	169,735	268,179	623,193	748,174	801,138
180,683	170,827	318,297	334,750	588,075	349,000
<u>11,904,778</u>	<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>
6,005,364	6,080,461	6,361,749	6,877,822	7,581,623	7,818,644
540,511	570,355	606,857	645,741	809,485	819,120
401,606	421,002	320,171	410,181	417,740	503,159
24,182	10,571	18,195	13,610	11,468	8,668
949,301	994,557	1,009,182	1,077,687	1,162,291	1,218,226
337,232	386,531	405,747	460,016	496,274	494,041
28,461	17,890	29,763	31,456	18,637	23,173
863,407	1,113,117	1,540,828	1,364,636	1,182,710	1,184,777
448,592	314,004	430,318	350,581	434,537	708,790
133,836	200,225	223,603	218,065	215,024	201,825
14,972	1,326	7,109	4,139	7,582	4,458
0	0	0	438,548	473,144	471,141
305,602	320,516	371,122	355,806	376,408	391,195
74,539	43,400	2,481	0	0	0
3,276,324	13,226,559	2,096,952	151,606	418,869	370,063
195,000	303,350	325,000	395,000	448,168	595,659
1,404,496	961,142	946,098	929,204	921,912	776,485
<u>15,003,425</u>	<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>
(3,098,647)	(12,957,410)	(2,038,989)	347,139	(148,446)	(364,478)

**Heath City School District**

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

	1997	1998	1999	2000
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	9,062	0	0	0
General Obligation Notes Issued	0	0	400,000	0
Premium on General Obligation Notes	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
General Obligation Bonds Issued	0	0	0	1,168,350
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	0	81,149	0	0
Transfers In	0	70,194	479,154	0
Transfers Out	(10,000)	(70,194)	(479,154)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(938)</u>	<u>81,149</u>	<u>400,000</u>	<u>1,168,350</u>
<b>Net Change in Fund Balance</b>	<u>(\$943,346)</u>	<u>\$319,045</u>	<u>\$660,454</u>	<u>\$382,816</u>
<b>Debt Service as a Percentage</b>				
<b>of Noncapital Expenditures</b>	1.32%	2.83%	2.41%	3.94%

(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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2001	2002	2003	2004	2005	2006
1,510	0	6,846	512	1,321,791	0
0	0	0	0	0	164,000
0	0	0	0	0	5,798
694,827	0	0	0	0	0
16,248,718	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)
149,198	0	36,540	238,745	0	0
37,173	0	37,500	37,500	8,000	15,000
(37,173)	0	(37,500)	(37,500)	(8,000)	(15,000)
17,094,253	0	43,386	239,257	1,321,791	406,924
<u>\$13,995,606</u>	<u>(\$12,957,410)</u>	<u>(\$1,995,603)</u>	<u>\$586,396</u>	<u>\$1,173,345</u>	<u>\$42,446</u>
16.56%	12.46%	11.88%	11.04%	10.37%	9.98%

## *Heath City School District*

*Assessed Valuations and Estimated True Values of Taxable Property*  
(per \$1,000 of assessed value)  
*Last Ten Calendar Years*

<b>Tax year</b>	1996	1997	1998	1999
	**			*
<b>Real Property</b>				
Assessed	\$126,591,240	\$132,339,250	\$145,418,700	\$169,063,570
Actual	361,689,257	378,112,143	415,482,000	483,038,771
<b>Public Utility</b>				
Assessed	7,860,160	7,594,650	8,135,630	7,546,730
Actual	7,860,160	7,594,650	8,135,630	7,546,730
<b>Tangible Personal Property</b>				
Assessed	47,552,130	47,019,450	42,289,650	44,507,210
Actual	190,208,520	188,077,800	169,158,600	178,028,840
<b>Total</b>				
Assessed	182,003,530	186,953,350	195,843,980	221,117,510
Actual	559,757,937	573,784,593	592,776,230	668,614,341
<b>Assessed Value as a Percentage of Actual Value</b>	32.51%	32.58%	33.04%	33.07%
<b>Total Direct Tax Rate</b>	\$40.10	\$43.10	\$43.10	\$43.10

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**

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2000	2001	2002 **	2003	2004	2005 *
\$172,295,770	\$178,918,700	\$195,425,090	\$198,958,880	\$204,143,540	\$236,666,040
492,273,629	511,196,286	558,357,400	568,453,943	583,267,257	676,188,686
7,851,500	6,389,920	6,531,640	6,357,200	6,498,070	6,351,210
7,851,500	6,389,920	6,531,640	6,357,200	6,498,070	6,351,210
44,052,160	45,300,500	38,931,420	36,850,610	35,135,040	40,706,030
176,208,640	181,202,000	155,725,680	147,402,440	140,540,160	162,824,120
224,199,430	230,609,120	240,888,150	242,166,690	245,776,650	283,723,280
676,333,769	698,788,206	720,614,720	722,213,583	730,305,487	845,364,016
33.15%	33.00%	33.43%	33.53%	33.65%	33.56%
\$48.38	\$48.22	\$50.52	\$50.10	\$50.20	\$50.30

## *Heath City School District*

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

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b>Direct District Rates</b>				
General Fund	38.90	41.90	41.90	41.90
Bond Retirement Fund	0.00	0.00	0.00	0.00
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>40.10</u>	<u>43.10</u>	<u>43.10</u>	<u>43.10</u>
<b>Overlapping Rates</b>				
City of Heath	3.90	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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2000	2001	2002	2003	2004	2005
41.90	41.90	44.50	44.50	44.50	44.50
5.28	5.12	4.82	4.40	4.50	4.60
1.20	1.20	1.20	1.20	1.20	1.20
48.38	48.22	50.52	50.10	50.20	50.30
5.40	5.40	5.40	5.40	5.40	5.40
2.00	2.00	3.00	2.80	3.00	3.00
7.20	7.20	7.20	7.20	7.20	7.40

## *Heath City School District*

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

Name of Taxpayer	Nature of Business	Calendar Year 2005		
		Assessed Value	Rank	Percent of Total Assessed Value
Meritor Automotive, Inc.	Heavy Truck Axles	\$9,564,450	1	23.50%
Kaiser Aluminum and Chemical Corporation	Aluminum Products	4,802,910	2	11.80%
Newark Chrysler Plymouth	Automotive Dealership	2,440,000	3	5.99%
Marathon Petroleum Corp.	Petroleum Products	1,943,960	4	4.78%
Lowe's	Home Improvement Center	1,620,020	5	3.98%
Mathews Ford, Inc.	Automotive Sales and Service	1,559,030	6	3.83%
Wal*Mart Stores, Inc.	Retail Store	1,354,680	7	3.33%
Boeing Company	Aeronautical Manufacturing	845,550	8	2.08%
JLH Automotive	Automotive Dealership	832,130	9	2.04%
Koch Materials Company	Manufacturing	754,420	10	1.85%
Subtotal		25,717,150		63.18%
All Others		14,988,880		36.82%
Total		<u>\$40,706,030</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 2005 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 Seven Years Ago*

		Calendar Year 2005		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$14,329,140	1	5.90%
Cross Creek Limited Partnership	Shopping Center	4,447,870	2	1.83%
Southgate Association Limited Partnership	Shopping Center	4,234,690	3	1.74%
Inland Western Heath Southgate LLC	Retail	4,203,890	4	1.73%
Ohio Power Company	Electricity	3,621,440	5	1.49%
Lowe's	Retail	3,527,860	6	1.45%
Heathwood Village Ltd Partnership	Apartments	3,098,480	7	1.28%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,691,710	8	1.11%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,643,730	9	1.09%
Wal*Mart Stores, Inc.	Retail Store	2,094,020	10	0.86%
Subtotal		<u>44,892,830</u>		<u>18.48%</u>
All Others		<u>198,124,420</u>		<u>81.52%</u>
Total		<u><u>\$243,017,250</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 2005 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>1996</u>	<u>1997</u>	<u>1998</u>
<b>Total Tax Levy</b>	\$5,135,951	\$5,362,353	\$5,855,193
<b>Collections within the Fiscal Year of the Levy</b>			
Current Tax Collections	4,919,942	5,649,147	5,436,190
Percent of Levy Collected	95.79%	105.35%	92.84%
Delinquent Tax Collections <sup>(1)</sup>	<u>135,847</u>	<u>86,162</u>	<u>198,193</u>
Total Tax Collections	5,055,789	5,735,309	5,634,383
<b>Percent of Total Tax Collections To Tax Levy</b>	98.44%	106.96%	96.23%
<b>Accumulated Outstanding Delinquent Taxes</b>	321,456	186,266	228,252
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	6.26%	3.47%	3.90%

(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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1999	2000	2001	2002	2003	2004	2005
\$6,467,714	\$6,782,280	\$8,214,783	\$8,111,945	\$9,449,244	\$9,516,753	\$9,907,213
5,303,187	6,384,904	7,687,500	7,264,837	8,456,846	8,321,361	8,655,699
81.99%	94.14%	93.58%	89.56%	89.50%	87.44%	87.37%
104,776	100,674	154,855	175,228	128,238	327,818	329,014
5,407,963	6,485,578	7,842,355	7,440,065	8,585,084	8,649,179	8,984,713
83.61%	95.63%	95.47%	91.72%	90.85%	90.88%	90.69%
1,059,752	296,702	372,428	671,881	74,160	867,574	922,501
16.39%	4.37%	4.53%	8.28%	0.78%	9.12%	9.31%

## *Heath City School District*

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Governmental Activities (1)</b>				
Long-Term Notes Payable	\$1,165,000	\$1,035,000	\$1,035,000	\$1,145,000
General Obligation Bonds Payable	0	0	0	1,168,350
Capital Leases	4,717	79,626	64,087	48,993
Total Primary Government	<u>\$1,169,717</u>	<u>\$1,114,626</u>	<u>\$1,099,087</u>	<u>\$2,362,343</u>
<b>Population (2)</b>				
City of Heath	8,100	8,100	8,100	8,527
Outstanding Debt Per Capita	\$144	138	136	277
<b>Income (3)</b>				
Personal (in thousands)	186,373	196,547	201,431	217,848
Percentage of Personal Income	0.63%	0.57%	0.55%	1.08%

**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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2001	2002	2003	2004	2005	2006
\$965,000	\$780,000	\$630,000	\$475,000	\$320,000	\$294,000
17,423,336	17,338,411	17,204,848	17,016,111	16,829,655	16,885,008
134,685	103,563	101,022	228,434	185,266	139,607
<u>\$18,523,021</u>	<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>
8,527	8,527	8,527	8,527	8,527	8,527
2,172	2,137	2,103	2,078	2,033	2,031
228,694	232,531	236,667	240,862	253,124	253,124
8.10%	7.84%	7.58%	7.36%	6.85%	6.84%

## *Heath City School District*

### *Ratios of General Bonded Debt Outstanding Last Seven 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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<u>2004</u>	<u>2005</u>	<u>2006</u>
8,527	8,527	8,527
242,166,690	245,776,650	283,723,280
\$17,016,111	\$16,829,655	\$16,885,008
7,437	40,155	404,467
17,008,674	16,789,500	16,480,541
7.02%	6.83%	5.81%
1,994.68	1,968.98	1,932.75





## *Heath City School District*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2006*

<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	\$16,714,541	100.00%	\$16,714,541
<b>Overlapping:</b>			
City of Heath	26,185,063	93.72%	24,540,641
Licking County	4,704,348	7.78%	365,998
		Subtotal	<u>24,906,639</u>
		Total	<u><u>\$41,621,180</u></u>

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

## *Heath City School District*

### *Debt Limitations Last Ten Years*

	1997	1998	1999	2000
Net Assessed Valuation	\$182,003,530	\$186,953,350	\$195,843,980	\$221,117,510
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	16,380,318	16,825,802	17,625,958	19,900,576
Applicable District Debt Outstanding	1,000,000	900,000	800,000	18,118,350
Less: Applicable Debt Service Fund Amounts (2)	(37,683)	(203,818)	(36,429)	(91,824)
Net Indebtedness Subject to Limitation	962,317	696,182	763,571	18,026,526
Overall Legal Debt Margin	<u>\$15,418,001</u>	<u>\$16,129,620</u>	<u>\$16,862,387</u>	<u>\$1,874,050</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	182,004	186,953	195,844	221,118
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$182,004</u>	<u>\$186,953</u>	<u>\$195,844</u>	<u>\$221,118</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	1,638,032	1,682,580	1,762,596	1,990,058
Applicable District Debt Outstanding	(165,000)	(135,000)	(505,000)	(445,000)
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$1,473,032</u>	<u>\$1,547,580</u>	<u>\$1,257,596</u>	<u>\$1,545,058</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**

2001	2002	2003	2004	2005	2006
\$224,199,430	\$230,609,120	\$240,888,150	\$242,166,690	\$245,776,650	\$283,723,280
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
20,177,949	20,754,821	21,679,934	21,795,002	22,119,899	25,535,095
18,023,336	17,838,411	17,604,818	17,316,111	17,029,655	17,119,008
(47,890)	(69,993)	(34,979)	(7,437)	(40,155)	(404,467)
<u>17,975,446</u>	<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>\$2,202,503</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>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
224,199	230,609	240,888	242,167	245,777	283,723
0	0	0	0	0	0
<u>\$224,199</u>	<u>\$230,609</u>	<u>\$240,888</u>	<u>\$242,167</u>	<u>\$245,777</u>	<u>\$283,723</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,017,795	2,075,482	2,167,993	2,179,500	2,211,990	2,553,510
(365,000)	(280,000)	(230,000)	(175,000)	(120,000)	(60,000)
<u>\$1,652,795</u>	<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>

## *Heath City School District*

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

Calendar Year	1996	1997	1998	1999	2000
<b>Population</b> (1)					
City of Heath	8,100	8,100	8,100	8,527	8,527
Licking County	133,975	135,686	141,393	143,697	145,491
<b>Income</b> (2) (a)					
Total Personal (in thousands)	\$186,373	196,547	201,431	217,848	228,694
Per Capita	\$23,009	24,265	24,868	25,548	26,820
<b>Unemployment Rate</b> (3)					
Federal	5.4%	4.9%	4.5%	4.2%	3.8%
State	4.8%	4.6%	4.3%	4.3%	3.7%
Licking County	5.1%	3.9%	3.8%	3.8%	3.6%
Fiscal Year	1997	1998	1999	2000	2001
<b>School Enrollment</b> (4)					
Grades K - 2	300	312	333	339	365
Grades 3 - 5	349	352	346	361	367
Grades 6 - 8	337	382	387	392	380
Grades 9 - 12	402	384	429	406	403
JVS	46	41	40	39	51
Total	<u>1,434</u>	<u>1,471</u>	<u>1,535</u>	<u>1,537</u>	<u>1,566</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 (2005 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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2001	2002	2003	2004	2005
8,527	8,527	8,527	8,527	8,527
147,397	148,680	150,634	152,866	154,806
232,531	236,667	240,862	253,124	253,124
27,270	27,755	28,247	29,685	29,685
4.8%	5.8%	6.0%	5.5%	5.0%
4.3%	5.7%	6.1%	6.0%	5.9%
3.2%	3.6%	6.0%	5.9%	5.8%
2002	2003	2004	2005	2006
352	363	377	382	382
390	365	377	375	429
404	438	410	402	412
416	457	424	421	458
57	58	53	63	39
<u>1,619</u>	<u>1,681</u>	<u>1,641</u>	<u>1,643</u>	<u>1,720</u>



## *Heath City School District*

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

			2005		
Employer	Nature of Business	Number of Employees	Rank		
Central Ohio Aerospace and Technology Center	Manufacturing	940	1		
Arvin/Meritor/Rockwell	Manufacturing	606	2		
Kaiser Aluminum and Chemical Corporation	Manufacturing	253	3		
Wal*Mart Stores	Retail Sales	241	4		
Heath Nursing Home	Health Care	219	5		
Kroger	Retail Grocery	195	6		
Lowe's Home Center	Retail Sales	193	7		
Englefield Oil	Petroleum Products	177	8		
Heath City Schools	Education	166	9		
Sears	Retail Sales	156	10		
Total		<u>3,146</u>			

			1996		
Employer	Nature of Business	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*

	1997	1998	1999	2000	2001
<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	86.00	88.00	96.00	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	4.00	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	16.00	17.00	17.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	10.00	10.00	10.00	11.00	11.00
<i>Total Employees</i>	<u>153.00</u>	<u>153.00</u>	<u>155.00</u>	<u>165.00</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</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
100.00	105.00	104.00	106.00	106.00
3.00	3.00	3.00	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	10.00	11.00	11.00
6.00	6.00	6.00	6.00	6.00
17.00	17.00	18.00	18.00	18.00
9.00	9.00	9.00	9.00	9.00
11.00	12.00	12.00	12.00	12.00
<u>167.00</u>	<u>173.00</u>	<u>173.00</u>	<u>176.50</u>	<u>176.50</u>

## *Heath City School District*

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

Fiscal Year	1997	1998	1999	2000
Enrollment	1,434	1,471	1,535	1,537
Modified Accrual Basis				
Operating Expenditures (1)	\$8,121,123	7,717,720	8,710,594	9,441,296
Cost per Pupil	5,663	5,247	5,675	6,143
Percentage of Change	3.0%	(7.4%)	8.2%	8.2%
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	86	88	96
Pupil to Teacher Ratio				
Heath	16.7	17.1	17.4	16.0
State Average	N/A	N/A	18.6	18.1

(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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2001	2002	2003	2004	2005	2006
1,566	1,619	1,681	1,641	1,643	1,720
15,003,425	24,965,006	14,695,175	13,724,098	14,975,872	15,589,424
9,581	15,420	8,742	8,363	9,115	9,064
56.0%	60.9%	(43.3%)	(4.3%)	9.0%	(0.6%)
N/A	N/A	N/A	12,856,654	14,087,070	14,743,921
N/A	N/A	N/A	7,835	8,574	8,572
N/A	N/A	N/A	N/A	9.4%	(0.02%)
100	100	105	104	106	106
15.7	16.2	16.0	15.8	15.5	16.2
18.0	16.9	16.9	18.5	18.5	18.6

## *Heath City School District*

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

	1997	1998	1999	2000
<b>Governmental Activities</b>				
Pupils				
Enrollment	1,434	1,471	1,535	1,537
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	95.40%	95.20%	95.30%	94.60%
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	N/A	1,107	1,123
Average Daily Bus Fleet Miles	N/A	N/A	641	643
Number of Buses	N/A	N/A	13	14
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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2001	2002	2003	2004	2005	2006
1,566	1,619	1,681	1,641	1,643	1,720
N/A	N/A	97	102	105	107
N/A	N/A	6.0%	5.9%	6.1%	6.6%
12	12	12	12	12	12
95.10%	95.20%	95.80%	95.60%	95.50%	95.90%
N/A	N/A	2,492	2,528	2,328	2,305
N/A	N/A	2,496	2,523	2,512	2,591
194,665	288,868	288,868	288,868	288,868	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,136	1,247	1,247	1,254	1,140	1,147
647	753	753	847	887	898
16	16	16	16	16	16
N/A	N/A	75,405	82,195	85,071	92,164
N/A	N/A	16%	19%	22%	23%
N/A	N/A	14	14	14	17

## *Heath City School District*

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

Fiscal Year	1997	1998	1999	2000	2001
Minimum Salary	\$22,558	23,415	24,328	25,301	26,187
Maximum Salary	\$49,628	51,513	53,522	55,662	57,611
District Average Salary	N/A	\$35,779	37,072	38,718	39,644
County Average Salary	N/A	\$36,425	37,537	38,285	39,529
State Average Salary	N/A	\$39,714	40,746	41,713	42,892

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

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

Fiscal Year	1997	1998	1999	2000	2001
Bachelor's Degree	N/A	N/A	14	17	18
Bachelor + 15	N/A	N/A	29	31	32
Master's Degree	N/A	N/A	32	34	36
Master's Degree + 15	N/A	N/A	7	8	7
Master's Degree + 30	N/A	N/A	6	6	7
Total	86	86	88	96	100

Source: District Treasurer's Office  
N/A - Not Available

*Heath City School District*

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2002	2003	2004	2005	2006
27,234	28,323	29,244	30,194	31,175
59,915	62,311	64,337	66,428	68,585
40,897	43,494	44,175	45,742	49,618
41,058	42,473	44,590	45,638	46,869
44,266	45,515	47,495	49,438	50,772

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2002	2003	2004	2005	2006
18	18	13	14	11
30	23	26	23	25
40	48	48	50	50
6	9	10	10	11
6	7	7	9	9
100	105	104	106	106

## *Heath City School District*

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

	1997	1998	1999	2000
<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	N/A	449	445
<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	N/A	383	392
<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	N/A	355	361
Garfield Elementary School				
Square Footage	40,112	40,112	40,112	40,112
Capacity (students)	350	350	350	350
Enrollment	N/A	N/A	338	339
<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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2001	2002	2003	2004	2005	2006
67,197	124,740	124,740	124,740	124,740	124,740
450	600	600	600	600	600
454	473	515	477	484	497
47,537	67,197	67,197	67,197	67,197	67,197
400	450	450	450	450	450
380	404	438	410	402	412
37,419	39,619	39,619	39,619	39,619	41,819
400	450	450	450	450	450
367	390	365	377	375	429
40,112	44,112	44,112	44,112	44,112	44,112
350	420	420	420	420	450
365	352	363	377	382	382
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	13	14	14	14
None	10,800	10,800	10,800	10,800	10,800
	16	16	16	16	16

**Heath City School District**

*Educational and Operating Statistics  
Last Ten Years*

	1997	1998	1999	2000	2001
<b>ACT Scores (Average)</b>					
Heath	N/A	20.3	22.6	21.8	22.3
Ohio	21.3	21.4	21.4	21.4	21.4
National	21.0	21.0	21.0	21.0	21.0
<b>Cost per Student (ODE) (1)</b>					
Heath	N/A	5,284	5,391	5,811	6,166
Ohio (Average)	\$5,939	6,232	6,642	7,057	7,602
<b>Cost to Educate a Graduate</b>					
Heath	\$57,771	64,655	71,067	80,078	89,662
Ohio (Average)	\$57,530	60,682	64,002	67,621	71,601
<b>Attendance Rate</b>					
Heath	95.40%	95.20%	95.30%	94.60%	95.10%
Ohio (Average)	N/A	93.90%	94.20%	97.20%	94.70%
<b>Graduation Rate</b>					
Heath	N/A	84.60%	90.00%	90.00%	82.70%
Ohio (Average)	N/A	79.90%	81.40%	80.70%	81.20%

**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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2002	2003	2004	2005	2006
21.5	21.7	21.0	22.0	N/A
21.4	21.4	21.4	21.1	21.5
20.8	20.8	20.9	20.6	21.1
6,926	7,862	8,396	8,548	8,610
8,073	8,441	8,768	9,028	9,285
93,625	96,368	109,183	113,075	116,263
75,655	79,747	84,129	88,133	N/A
95.20%	95.80%	95.60%	95.50%	95.90%
95.00%	94.90%	95.30%	95.20%	94.10%
92.90%	92.90%	91.00%	96.50%	96.20%
82.80%	83.90%	84.30%	85.90%	86.20%





**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**  
**FEBRUARY 6, 2007**