

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

BRADLEY HALL, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Heath City School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2014 through June 30, 2015. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 1, 2016

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**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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HEATH CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(C) National School Lunch Program - Food Donation	10.555	2015	\$ 42,312	\$ 42,312
(D) National School Lunch Program	10.555	2015	242,613	242,613
Total National School Lunch Program			<u>284,925</u>	<u>284,925</u>
Total U.S. Department of Agriculture and National School Lunch Program			<u>284,925</u>	<u>284,925</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grants to Local Educational Agencies	84.010	2014	40,187	49,596
Title I Grants to Local Educational Agencies	84.010	2015	318,193	300,018
Total Title I Grants to Local Educational Agencies			<u>358,380</u>	<u>349,614</u>
Special Education_Grants to States	84.027	2014	33,624	39,440
Special Education_Grants to States	84.027	2015	268,950	258,087
Total Special Education _Grants to States			<u>302,574</u>	<u>297,527</u>
Improving Teacher Quality State Grants	84.367	2014	7,581	8,385
Improving Teacher Quality State Grants	84.367	2015	26,590	26,059
Total Improving Teacher Quality State Grants			<u>34,171</u>	<u>34,444</u>
ARRA - (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395A	2015	30,000	30,000
Total U.S. Department of Education			<u>725,125</u>	<u>711,585</u>
Total Federal Financial Assistance			<u>\$ 1,010,050</u>	<u>\$ 996,510</u>

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass through numbers for fiscal year 2015 for the grants passed through the Ohio Department of Education.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.



Julian & Grube, Inc.
Serving Ohio Local Governments

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements and have issued our report thereon dated November 23, 2015, wherein we noted as discussed in Note 2, the Heath City School District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Heath City School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Heath City School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Heath City School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Education
Heath City School District

Compliance and Other Matters

As part of reasonably assuring whether the Heath City School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Heath City School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Heath City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
November 23, 2015



Julian & Grube, Inc.
Serving Ohio Local Governments

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

**Independent Auditor's Report on Compliance With Requirements Applicable to The
Major Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133 and the Schedule of
Receipts and Expenditures of Federal Awards**

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Heath City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Heath City School District's major federal program for the fiscal year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Heath City School District's major federal program.

Management's Responsibility

The Heath City School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Heath City School District's compliance for the Heath City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Heath City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Heath City School District's major program. However, our audit does not provide a legal determination of the Heath City School District's compliance.

Opinion on the Major Federal Program

In our opinion, the Heath City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2015.

Board of Education
Heath City School District

Report on Internal Control Over Compliance

The Heath City School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Heath City School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Heath City School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Receipts and Expenditures of Federal Awards Required by OMB Circular A-133

We have also 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, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements. We issued our unmodified report thereon dated November 23, 2015. Our opinion also explained that the Heath City School District adopted *Governmental Accounting Standard No. 68 and 71* during the fiscal year. We conducted our audit to opine on the Heath City School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
November 23, 2015

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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HEATH CITY SCHOOL DISTRICT

Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

HEATH CITY SCHOOL DISTRICT

Heath, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2015**

Prepared by:

**Mr. Bradley T. Hall
Treasurer**

HEATH CITY SCHOOL DISTRICT

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HEATH CITY SCHOOL DISTRICT

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



Office of the Treasurer

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

November 23, 2015

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, 2015 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

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

The District provides a full range of education programs and services to 1,735 students. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels, a broad range of co-curricular and extracurricular activities, and special education services. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a special revenue fund. The non-public school operations have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2015

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.

In the commercial sector of Heath, Clark Motors, Peet's Coffee are notable businesses which left the area. Offsetting those losses, Ulta occupied a sizable space at the Indian Mound Mall. Hobby Lobby completed its move to a large commercial space on Hebron Rd. (SR 79), opening up its former space for the future home of Rural King and Peoples Bank established a location in Heath.

On the industrial side, xperion Energy & Environment occupied and began operations in a newly-completed 50,000 square-foot manufacturing building located in the Central Ohio Aerospace and Technology Center. Across the street from xperion, the Heath-Newark-Licking County Port Authority broke ground on a 60,000 square-foot industrial building for MISTRAS, and Southgate Corporation was well on its way to completing a 50,000 square-foot industrial spec building next to it. Arrangements are also in place to develop a 40-acre parcel of land with a road and utilities, which will create up to seven new sites on property zoned for industrial use.

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

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

MAJOR INITIATIVES

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

During fiscal year 2015, the District focused on the maintaining growth in student enrollment. To accomplish this, the District decided to allow open enrollment in its schools for fiscal year 2014. This resulted in additional State Foundation money for approximately 90 additional students. In 2014-15 we brought in 140 open enrollment students.

Future: During the 2015-2016 school year administrators and teachers work to increase curriculum alignment and teacher quality through high quality professional development. Administrators have identified that knowledge of standards and the use of data are a focus for this school year, and will help to strengthen the academic foundation of the school system for the future. The 2014-15 school year saw improvements made on the district report card, and a focus on those improvements will continue into the coming years.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2015

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

District officials are also continuing work on the following initiatives:

- Continue implementation of the district technology plan.
- Offer various classes of summer remediation at no cost to students.
- Strive to reach the State Benchmark % on state tests.
- Strive to reach above expected growth on value-added measures.
- Increase advanced placements and honors classes.
- Continue to expand technical preparatory opportunities.
- Utilize STAR Early Literacy and STAR Assessments for progress monitoring of intervention students.
- Utilize all available data to drive curricular decision in the regular curriculum, intervention areas and special education.

HEATH CITY SCHOOL DISTRICT

*Letter of Transmittal
For the Fiscal Year Ended June 30, 2015*

FINANCIAL INFORMATION

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal
For the Fiscal Year Ended June 30, 2015

OTHER INFORMATION

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

AWARDS -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2014. We believe this, our fifteenth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

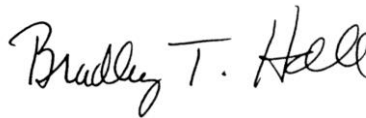
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution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

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

Respectfully submitted,



Trevor Thomas
Superintendent



Bradley T. Hall
Treasurer

HEATH CITY SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2015

Members of the Board of Education

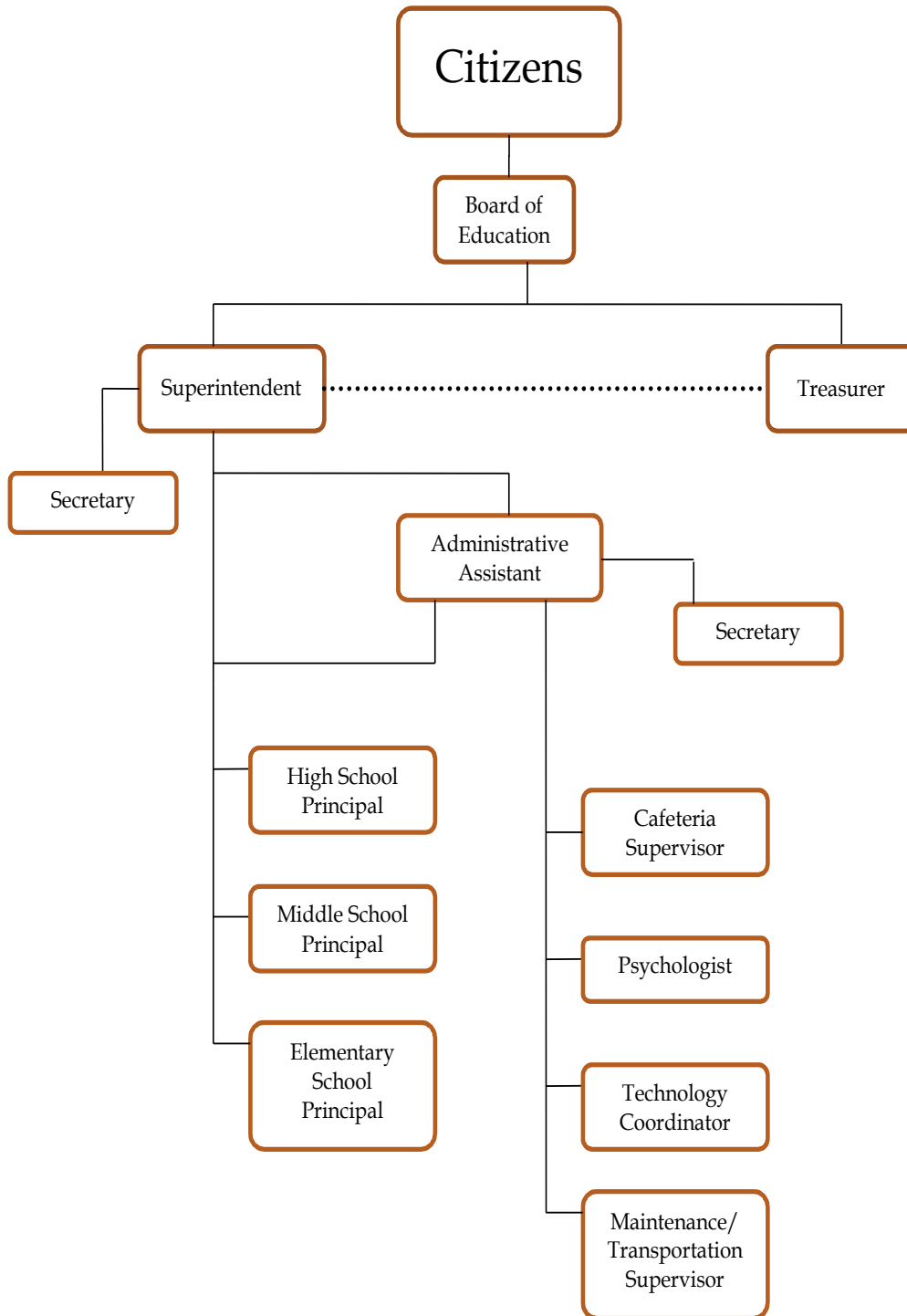
Name	Title	Years of Service
Ms. Debbie Kelley	President	7
Mr. Sam Smith	Vice President	1
Ms. Jennifer McDonald	Member	1
Mrs. Cathy Allen	Member	0
Mrs. Jamie Haidet	Member	0

Administration

Name	Title	Years of Service	
		Position	Total
Dr. Trevor Thomas	Superintendent	2	13
Mr. Bradley T. Hall	Treasurer	20	35
Ms. Kelly Holbrook	Assistant Superintendent	2	17

HEATH CITY SCHOOL DISTRICT

Organizational Chart
For the Fiscal Year Ended June 30, 2015



HEATH CITY SCHOOL DISTRICT

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



Government Finance Officers Association


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

Presented to

**Heath City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO



Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the fiscal year ended June 30, 2015, the Heath City School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, on our consideration of the Heath City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Heath City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
November 23, 2015

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015*

Unaudited

The discussion and analysis of Heath City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. 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 2015 are as follows:

- ❑ In total, net position increased \$2,020,623, which represents an 11.4% increase from 2014.
- ❑ General revenues accounted for \$17,720,407 in revenue or 88.2% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$2,373,796 or 11.8% of total revenues of \$20,094,203.
- ❑ The District had \$18,073,580 in expenses related to governmental activities; only \$2,373,796 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$17,044,977 in revenues and \$15,234,265 in expenditures. The general fund's fund balance increased from \$1,289,791 to \$3,015,873.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position provides a perspective of the District as a whole. The following table provides a summary of the District's net position for 2015 compared to 2014:

	Governmental Activities		Increase (Decrease)
	2015	Restated 2014	
Current and other assets	\$16,807,365	\$14,796,660	\$2,010,705
Capital assets, Net	<u>12,797,907</u>	<u>13,590,181</u>	<u>(792,274)</u>
Total assets	<u>29,605,272</u>	<u>28,386,841</u>	<u>1,218,431</u>
Deferred outflows of resources	<u>1,254,567</u>	<u>1,017,150</u>	<u>237,417</u>
Net pension liability	17,176,785	20,418,094	(3,241,309)
Long-term debt outstanding	14,395,252	15,240,955	(845,703)
Other liabilities	<u>1,653,447</u>	<u>1,473,783</u>	<u>179,664</u>
Total liabilities	<u>33,225,484</u>	<u>37,132,832</u>	<u>(3,907,348)</u>
Deferred inflows of resources	<u>13,297,226</u>	<u>9,954,653</u>	<u>3,342,573</u>
Net position (deficit):			
Net Investment in capital assets	668,117	1,007,118	(339,001)
Restricted	1,852,991	1,856,159	(3,168)
Unrestricted	<u>(18,183,979)</u>	<u>(20,546,771)</u>	<u>2,362,792</u>
Total net deficit	<u>(\$15,662,871)</u>	<u>(\$17,683,494)</u>	<u>\$2,020,623</u>

At year-end for governmental activities, capital assets represented 43% 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, 2015 was \$668,117. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net position, \$1,852,991, represents resources that are subject to external restriction on how they may be used.

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of

HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015***

Unaudited

Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$1,717,450 to a net deficit of \$17,683,494 in governmental activities.

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal years 2015 and 2014:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,286,560	\$965,003	\$321,557
Operating Grants and Contributions	1,087,236	1,026,547	60,689
Total Program Revenues	<u>2,373,796</u>	<u>1,991,550</u>	<u>382,246</u>
General Revenues:			
Property Taxes	10,099,976	9,212,848	887,128
Grants and Entitlements	7,086,554	6,383,632	702,922
Other	533,877	550,304	(16,427)
Total General Revenues	<u>17,720,407</u>	<u>16,146,784</u>	<u>1,573,623</u>
Total Revenues	<u>20,094,203</u>	<u>18,138,334</u>	<u>1,955,869</u>
Program Expenses			
Instruction	10,513,018	10,096,148	416,870
Support Services:			
Pupils	583,590	621,994	(38,404)
Instructional Staff	324,069	264,908	59,161
Board of Education	49,101	80,043	(30,942)
Administration	1,523,311	1,518,459	4,852
Fiscal Services	578,977	528,591	50,386
Business	20,438	14,330	6,108
Operation and Maintenance of Plant	1,507,678	1,330,607	177,071
Pupil Transportation	592,204	637,015	(44,811)
Central	451,684	308,948	142,736
Operation of Non-Instructional Services:			
Community Services	1,994	4,410	(2,416)
Food Service Operations	596,853	567,567	29,286
Shared Services	54,691	17,994	36,697
Extracurricular Activities	618,078	593,994	24,084
Interest and Fiscal Charges	657,894	891,757	(233,863)
Total Expenses	<u>18,073,580</u>	<u>17,476,765</u>	<u>596,815</u>
Change in Net Position	<u>2,020,623</u>	<u>661,569</u>	<u>1,359,054</u>
Beginning Net Position (Deficit), Restated	<u>(17,683,494)</u>	N/A	N/A
Ending Net Deficit	<u>(\$15,662,871)</u>	<u>(\$17,683,494)</u>	<u>\$1,359,054</u>

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
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Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,017,150 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$731,174. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities
Total 2015 program expenses under GASB 68	\$18,073,580
Pension expense under GASB 68	(731,174)
2015 contractually required contribution	1,092,155
Adjusted 2015 program expenses	18,434,561
Total 2014 program expenses under GASB 27	17,476,765
Increase in program expenses not related to pension	\$957,796

Net position of the District's governmental activities increased by \$2,020,623. Total governmental expenses of \$18,073,580 were offset by program revenues of \$2,373,796 and general revenues of \$17,720,407. Program revenues supported 13.1% of the total governmental expenses.

The primary reason for the increase in net position is that the District received a full year of additional property taxes on the 7.9 mill emergency levy approved by voters in November 2013. In addition, the State increased Foundation monies to the District for 2015.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$17,186,530 and represent 97% 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.

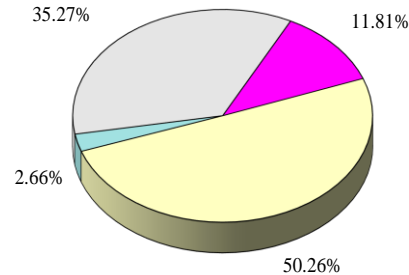
Property taxes made up 50% of revenues for governmental activities for Heath City Schools in fiscal year 2015. The District's reliance upon tax revenues is demonstrated by the following graph:

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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Revenue Sources	2015	Percent of Total
General Grants	\$7,086,554	35.27%
Program Revenues	2,373,796	11.81%
General Tax Revenues	10,099,976	50.26%
General Other	533,877	2.66%
Total Revenue	<u>\$20,094,203</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$4,852,294, which is higher than last year's total of \$3,104,485. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2015 and 2014.

	Fund Balance June 30, 2015	Fund Balance June 30, 2014	Increase (Decrease)
General	\$3,015,873	\$1,289,761	\$1,726,112
Bond Retirement	1,075,169	1,049,893	25,276
Other Governmental	761,252	764,831	(3,579)
Total	<u>\$4,852,294</u>	<u>\$3,104,485</u>	<u>\$1,747,809</u>

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

	2015 Revenues	2014 Revenues	Increase (Decrease)
Taxes	\$8,635,417	\$7,879,354	\$756,063
Tuition	890,288	535,675	354,613
Investment Earnings	3,074	1,444	1,630
Class Materials and Fees	57,449	64,719	(7,270)
Intergovernmental - State	6,919,082	6,371,400	547,682
All Other Revenue	539,667	556,895	(17,228)
Total	<u>\$17,044,977</u>	<u>\$15,409,487</u>	<u>\$1,635,490</u>

General Fund revenues in 2015 increased approximately 10.6% compared to revenues in fiscal year 2014. The increase in tax revenue is the result of receiving a full year of property taxes under the emergency levy which passed in November 2013. Intergovernmental – State increased due to increases in the State's Foundation funding provisions. The increase in tuition is due to a 50% increase in the number of students enrolled under the open enrollment option.

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**Management's Discussion and Analysis
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Unaudited

	2015 Expenditures	2014 Expenditures	Increase (Decrease)
Instruction	\$9,515,301	\$9,019,310	\$495,991
Supporting Services:			
Pupils	608,490	596,567	11,923
Instructional Staff	251,248	183,267	67,981
Board of Education	49,101	80,043	(30,942)
Administration	1,357,851	1,334,865	22,986
Fiscal Services	552,727	516,901	35,826
Business	20,438	14,330	6,108
Operation and Maintenance of Plant	1,423,453	1,253,864	169,589
Pupil Transportation	544,902	584,559	(39,657)
Central	444,230	301,025	143,205
Operation of Non-Instructional Services:			
Food Service Operations	4,040	3,574	466
Shared Services	54,691	17,994	36,697
Extracurricular Activities	321,783	304,576	17,207
Capital Outlay	68,586	274,419	(205,833)
Debt Service:			
Principal Retirement	14,597	13,699	898
Interest and Fiscal Charges	2,827	14,808	(11,981)
Total	\$15,234,265	\$14,513,801	\$720,464

The expenditures increased by \$720,464 or 5.0% compared to the prior year. The overall increase is due to salary increases of 2% and health insurance increases. The increase in Operation and Maintenance of Plant is due to increased natural gas rates and repairs that had been postponed from previous years. The increase in Central was due to the upgrade of computers and related technology infrastructure. The decrease in Capital Outlay is due to the purchase of three busses in 2014.

Bond Retirement Fund – This fund has remained consistent compared to the prior year with an increase of \$25,276.

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 2015 the District amended its General Fund budget, the increase of \$1.5 million compared to the original budget was the result of needing to budget additional monies for payments to community schools, the county education service center and severance benefits. Actual expenditures compared to the final budget resulted in an overall positive variance due to retired teachers that were replaced at a lower cost, lower than expected electricity costs and.

The General Fund budget basis revenue of \$16.8 million increased by \$2.5 million compared to the original budget estimates as a result of increased property tax and State Foundation monies. Actual revenues did not significantly differ from budgeted revenues.

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**Management's Discussion and Analysis
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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2015, the District had \$12,797,907 net of accumulated depreciation invested in land, buildings, equipment, and vehicles. The following table shows fiscal year 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2013	2014	
Land	\$438,952	\$438,952	\$0
Land Improvements	2,161,359	2,161,359	0
Buildings and Improvements	21,792,147	21,792,147	0
Machinery and Equipment	1,438,536	1,415,180	23,356
Vehicles	939,076	939,537	(461)
Less: Accumulated Depreciation	(13,972,163)	(13,156,994)	(815,169)
Totals	\$12,797,907	\$13,590,181	(\$792,274)

The district purchased some athletic equipment during fiscal year 2015. Additional information on the District's capital assets can be found in Note 9.

Debt

At June 30, 2015, the District had \$14.4 million in general obligation bonds, capital leases and compensated absences outstanding, \$1,288,967 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2015 and 2014:

	2015	Restated 2014
Governmental Activities:		
General Obligation Bonds Payable	\$13,170,033	\$13,902,047
Net Pension Liability	17,176,785	20,418,094
Capital Leases Payable	204,216	301,989
Compensated Absences	1,021,003	1,036,919
Totals	\$31,572,037	\$35,659,049

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, 2015, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015***

Unaudited

ECONOMIC FACTORS

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

REQUESTS FOR INFORMATION

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



HEATH CITY SCHOOL DISTRICT

Statement of Net Position June 30, 2015

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 4,453,163
Investments	1,316,237
Receivables:	
Taxes	10,925,627
Intergovernmental	50,760
Interest	1,307
Inventory	7,080
Prepaid Items	37,884
Restricted Assets:	
Cash and Cash Equivalents	15,307
Capital Assets:	
Nondepreciable Capital Assets	438,952
Depreciable Capital Assets, Net	12,358,955
Total Capital Assets, Net	<u>12,797,907</u>
Total Assets	<u>29,605,272</u>
Deferred Outflows of Resources:	
Pension	<u>1,254,567</u>
Total Deferred Outflows of Resources	<u>1,254,567</u>
Liabilities:	
Accounts Payable	63,640
Accrued Wages and Benefits	903,950
Intergovernmental Payable	238,977
Claims Payable	371,400
Early Retirement Incentive Payable	37,705
Accrued Interest Payable	37,775
Long Term Liabilities:	
Due Within One Year	1,288,967
Due in More Than One Year:	
Net Pension Liability	17,176,785
Other Amounts Due in More Than One Year	13,106,285
Total Liabilities	<u>33,225,484</u>
Deferred Inflows of Resources:	
Property Taxes	10,179,481
Pension	<u>3,117,745</u>
Total Deferred Inflows of Resources	<u>13,297,226</u>
Net Position (Deficit):	
Net Investment in Capital Assets	668,117
Restricted For:	
Capital Projects	661,314
Debt Service	1,063,596
Statutory Purposes	81,520
Federal and State Grant Programs	46,561
Unrestricted (Deficit)	<u>(18,183,979)</u>
Total Net Deficit	<u>\$ (15,662,871)</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2015

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 10,513,018	\$ 948,735	\$ 556,718	\$ (9,007,565)
Support Services:				
Pupils	583,590	60,609	0	(522,981)
Instructional Staff	324,069	0	80,213	(243,856)
Board of Education	49,101	0	0	(49,101)
Administration	1,523,311	0	149,488	(1,373,823)
Fiscal Services	578,977	0	0	(578,977)
Business	20,438	0	0	(20,438)
Operation and Maintenance of Plant	1,507,678	0	0	(1,507,678)
Pupil Transportation	592,204	0	0	(592,204)
Central	451,684	0	7,200	(444,484)
Operation of Non-Instructional Services:				
Community Services	1,994	0	2,755	761
Food Service Operations	596,853	152,316	290,862	(153,675)
Shared Services	54,691	0	0	(54,691)
Extracurricular Activities	618,078	124,900	0	(493,178)
Interest and Fiscal Charges	657,894	0	0	(657,894)
Total Governmental Activities	\$ 18,073,580	\$ 1,286,560	\$ 1,087,236	(15,699,784)

General Revenues

Property Taxes Levied for:	
General Purposes	8,621,606
Debt Service	1,290,787
Capital Outlay	187,583
Grants and Entitlements not Restricted to Specific Programs	7,086,554
Investment Earnings	10,716
Miscellaneous	523,161
Total General Revenues	17,720,407
Change in Net Position	2,020,623
Net Deficit Beginning of Year, Restated	(17,683,494)
Net Deficit End of Year	\$ (15,662,871)

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2015

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,435,280	\$ 1,013,439	\$ 789,851	\$ 4,238,570
Investments	1,316,237	0	0	1,316,237
Receivables:				
Taxes	9,341,418	1,384,720	199,489	10,925,627
Intergovernmental	0	0	50,760	50,760
Interest	1,307	0	0	1,307
Inventory	0	0	7,080	7,080
Prepaid Items	2,075	0	35,809	37,884
Restricted Assets:				
Cash and Cash Equivalents	15,307	0	0	15,307
Total Assets	\$ 13,111,624	\$ 2,398,159	\$ 1,082,989	\$ 16,592,772
Liabilities:				
Accounts Payable	\$ 46,652	\$ 0	\$ 16,988	\$ 63,640
Accrued Wages and Benefits	826,248	0	77,702	903,950
Intergovernmental Payable	223,211	0	15,766	238,977
Early Retirement Incentive Payable	28,848	0	8,857	37,705
Compensated Absences Payable	80,540	0	12,415	92,955
Total Liabilities	1,205,499	0	131,728	1,337,227
Deferred Inflows of Resources:				
Property Taxes	8,696,748	1,296,788	185,945	10,179,481
Unavailable Revenue	193,504	26,202	4,064	223,770
Total Deferred Inflows of Resources	8,890,252	1,322,990	190,009	10,403,251
Fund Balances:				
Nonspendable	2,075	0	42,889	44,964
Restricted	15,307	1,075,169	734,336	1,824,812
Assigned	187,650	0	0	187,650
Unassigned	2,810,841	0	(15,973)	2,794,868
Total Fund Balances	3,015,873	1,075,169	761,252	4,852,294
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,111,624	\$ 2,398,159	\$ 1,082,989	\$ 16,592,772

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2015

Total Governmental Fund Balances \$ 4,852,294

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 12,797,907

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 223,770

The net pension liability is not due and payable in the current period;
therefore, the liability and related deferred inflows/outflows are not
reported in governmental funds:

Deferred Outflows - Pension	1,254,567	
Deferred Inflows - Pension	(3,117,745)	
Net Pension Liability	<u>(17,176,785)</u>	(19,039,963)

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

General Obligation Bonds Payable	(11,319,987)	
Issuance Premium (to be amortized over life of debt)	(605,587)	
Interest Accretion (to be amortized as interest expense)	(1,244,459)	
Capital Leases Payable	(204,216)	
Compensated Absences Payable	(928,048)	
Accrued Interest Payable	<u>(37,775)</u>	(14,340,072)

The internal service fund is used by management to
charge the costs of services to individual funds. The assets
and liabilities of the internal service fund is included in
governmental activities in the statement of net position. (156,807)

Net Position of Governmental Activities \$ (15,662,871)

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, 2015

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 8,635,417	\$ 1,292,321	\$ 187,924	\$ 10,115,662
Tuition	890,288	0	0	890,288
Food Services	0	0	152,316	152,316
Investment Earnings	3,074	0	6,864	9,938
Extracurricular Activities	0	0	124,900	124,900
Class Materials and Fees	57,449	0	0	57,449
Intergovernmental - State	6,919,082	222,058	53,232	7,194,372
Intergovernmental - Federal	0	0	982,893	982,893
All Other Revenue	539,667	0	44,701	584,368
Total Revenues	17,044,977	1,514,379	1,552,830	20,112,186
Expenditures:				
Current:				
Instruction	9,515,301	0	712,042	10,227,343
Supporting Services:				
Pupils	608,490	0	1,622	610,112
Instructional Staff	251,248	0	66,683	317,931
Board of Education	49,101	0	0	49,101
Administration	1,357,851	0	149,301	1,507,152
Fiscal Services	552,727	17,839	2,859	573,425
Business	20,438	0	0	20,438
Operation and Maintenance of Plant	1,423,453	0	0	1,423,453
Pupil Transportation	544,902	0	0	544,902
Central	444,230	0	4,000	448,230
Operation of Non-Instructional Services:				
Community Services	0	0	1,994	1,994
Food Service Operations	4,040	0	549,094	553,134
Shared Services	54,691	0	0	54,691
Extracurricular Activities	321,783	0	141,266	463,049
Capital Outlay	68,586	0	0	68,586
Debt Service:				
Principal Retirement	14,597	1,008,176	0	1,022,773
Interest and Fiscal Charges	2,827	463,088	0	465,915
Total Expenditures	15,234,265	1,489,103	1,628,861	18,352,229
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,810,712	25,276	(76,031)	1,759,957

HEATH CITY SCHOOL DISTRICT

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Sale of Capital Assets	400	0	0	400
Transfers In	0	0	85,000	85,000
Transfers Out	(85,000)	0	0	(85,000)
Total Other Financing Sources (Uses)	(84,600)	0	85,000	400
Net Change in Fund Balances	1,726,112	25,276	8,969	1,760,357
Fund Balances at Beginning of Year	1,289,761	1,049,893	764,831	3,104,485
Decrease in Inventory	0	0	(12,548)	(12,548)
Fund Balances End of Year	\$ 3,015,873	\$ 1,075,169	\$ 761,252	\$ 4,852,294

See accompanying notes to the basic financial statements



HEATH CITY SCHOOL DISTRICT

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances Of Governmental Funds
To the Statement Of Activities
For the Fiscal Year Ended June 30, 2015***

Net Change in Fund Balances - Total Governmental Funds		\$ 1,760,357
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(790,383)
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net position.		(1,891)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(18,705)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,092,155
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(731,174)
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		384,330
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		1,007
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	60,827	
Interest Accretion	376,514	
Amortization of Premium on Bond Issuance	68,943	
Change in Inventory	(12,548)	
		493,736
The internal service fund, which is used by management to charge the costs of services to individual funds, is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(168,809)
<i>Change in Net Position of Governmental Activities</i>		\$ 2,020,623

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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 7,046,350	\$ 8,620,605	\$ 8,620,497	\$ (108)
Tuition	575,500	882,947	890,288	7,341
Investment Earnings	2,000	3,500	3,638	138
Class Material and Fees	3,600	3,600	3,134	(466)
Intergovernmental - State	6,268,700	6,893,105	6,919,082	25,977
All Other Revenues	371,160	413,360	455,369	42,009
Total Revenues	14,267,310	16,817,117	16,892,008	74,891
Expenditures:				
Current:				
Instruction	9,251,287	9,868,940	9,468,579	400,361
Support Services:				
Pupils	471,100	559,305	495,502	63,803
Instructional Staff	158,175	274,490	247,347	27,143
Board of Education	84,825	143,137	108,598	34,539
Administration	1,490,550	1,536,929	1,351,036	185,893
Fiscal Services	562,460	575,874	545,895	29,979
Business	31,850	42,605	24,540	18,065
Operation and Maintenance of Plant	1,547,980	1,696,956	1,508,986	187,970
Pupil Transportation	618,380	605,526	550,974	54,552
Central	352,630	503,955	442,207	61,748
Non-Instructional Services:				
Food Services	200	4,600	4,490	110
Shared Services	22,000	62,420	54,691	7,729
Extracurricular Activities	319,685	349,609	319,059	30,550
Capital Outlay	0	97,875	96,143	1,732
Total Expenditures	14,911,122	16,322,221	15,218,047	1,104,174
Excess (Deficiency) of Revenues Over (Under) Expenditures	(643,812)	494,896	1,673,961	1,179,065

(Continued)

HEATH CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	2,000	500	400	(100)
Transfers Out	0	(85,000)	(85,000)	0
Total Other Financing Sources (Uses)	2,000	(84,500)	(84,600)	(100)
Net Change in Fund Balance	(641,812)	410,396	1,589,361	1,178,965
Fund Balance at Beginning of Year	1,790,934	1,790,934	1,790,934	0
Prior Year Encumbrances	55,185	55,185	55,185	0
Fund Balance at End of Year	\$ 1,204,307	\$ 2,256,515	\$ 3,435,480	\$ 1,178,965

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

***Statement of Net Position
Proprietary Fund
June 30, 2015***

	Governmental Activities - Internal Service Funds
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 214,593
Total Assets	<u>214,593</u>
Liabilities:	
Claims Payable	<u>371,400</u>
Total Liabilities	<u>371,400</u>
Net Deficit:	
Unrestricted	<u>(156,807)</u>
Total Net Deficit	<u>\$ (156,807)</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Interfund Charges	\$ 1,859,446
Total Operating Revenues	<u>1,859,446</u>
Operating Expenses:	
Claims	<u>2,028,577</u>
Total Operating Expenses	<u>2,028,577</u>
Operating Loss	(169,131)
Nonoperating Revenue:	
Investment Earnings	<u>322</u>
Total Nonoperating Revenues	<u>322</u>
Change in Net Position	(168,809)
Net Position Beginning of Year	<u>12,002</u>
Net Deficit End of Year	<u>\$ (156,807)</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2015

	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$ 1,859,446
Cash Payments for Claims	(1,879,377)
Net Cash Used for Operating Activities	<u>(19,931)</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	322
Net Cash Provided by Investing Activities	<u>322</u>
Net Decrease in Cash and Cash Equivalents	(19,609)
Cash and Cash Equivalents at Beginning of Year	<u>234,202</u>
Cash and Cash Equivalents at End of Year	<u><u>\$214,593</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$169,131)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>149,200</u>
Total Adjustments	<u>149,200</u>
Net Cash Used for Operating Activities	<u><u>\$ (19,931)</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 1,617	\$ 57,888
Total Assets	<u>1,617</u>	<u>57,888</u>
Liabilities:		
Due to Others	0	19,634
Due to Students	0	38,254
Total Liabilities	<u>0</u>	<u>57,888</u>
Net Position:		
Unrestricted	1,617	0
Total Net Position	<u>\$ 1,617</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2015

	Private Purpose Trust
	Special Trust Fund
Additions:	
Interest	\$ 7
Total Additions	<u>7</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>100</u>
Total Deductions	<u>100</u>
Change in Net Position	(93)
Net Position at Beginning of Year	<u>1,710</u>
Net Position End of Year	<u>\$ 1,617</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 51 noncertified and approximately 114 certified teaching personnel and administrative employees providing education to 1,735 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus"* in that the statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the District's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria to be included in the District's reporting entity. The District participates in two jointly governed organizations. These organizations are the Licking Area Computer Association (LACA), which provides computer services to school districts and the Educational Regional Service System (ERSS) Region 11. The Licking County Career and Technical Education Center acts as fiscal agent for LACA and the Educational Service Center of Central Ohio is the fiscal agent for ERSS. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

B. Basis of Presentation - Fund Accounting

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the District:

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

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” services.

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

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

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

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

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

Private purpose trust funds are reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2015.

2. Appropriations

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$1,726,112
Increase (Decrease):	
Accrued Revenues	
at June 30, 2015,	
received during FY 2016	(452,473)
Accrued Revenues	
at June 30, 2014,	
received during FY 2015	438,121
Accrued Expenditures	
at June 30, 2015,	
paid during FY 2016	1,205,499
Accrued Expenditures	
at June 30, 2014,	
paid during FY 2015	(1,166,262)
FY 2014 Prepays for FY 2015	2,463
FY 2015 Prepays for FY 2016	(2,075)
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	(25,083)
Encumbrances Outstanding	(136,941)
Budget Basis	<u><u>\$1,589,361</u></u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2015, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

G. Investments

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

The District has invested funds in the STAR Ohio during 2015. 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, 2015. See Note 6, "Cash, Cash Equivalents and Investments".

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Depreciation

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

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

K. Long-Term Obligations

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

In accordance with GASB Statement No. 16, “*Accounting for Compensated Absences*,” vacation benefits are accrued as a liability when an employee’s right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 330 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 56.75 days for certified employees or 61 days for noncertified employees, plus one day for each year of service over ten years. Compensated absences accumulated by governmental fund type employees are retired as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the fund financial statements.

M. Net Position

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

The District policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The District did not have net position restricted by enabling legislation at June 30, 2015.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Education may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget. Through the District’s purchasing policy the Board of Education has given the Treasurer the authority to constrain monies for intended purposes in the general fund, which are reported as assigned fund balance.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

P. Interfund Activity

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

Q. Estimates

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

R. Restricted Assets

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

S. Operating Revenues and Expenses

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2015. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2015, the District had no extraordinary or special items.

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

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

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

V. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pensions. The deferred outflows of resources related to pensions are explained in Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, investment earnings, grants, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pensions are reported on the government-wide statement of net position explained in Note 10.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

	Governmental Activities
Net position June 30, 2014	<u>\$1,717,450</u>
Adjustments:	
Net Pension Liability	(20,418,094)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>1,017,150</u>
Restated Net Position June 30, 2014	<u><u>(\$17,683,494)</u></u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficit at June 30, 2015 of \$8,772 in the Food Service Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the budgetary basis of accounting.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 4 – FUND BALANCES

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

Fund Balances	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$2,075	\$0	\$35,809	\$37,884
Supplies Inventory	0	0	7,080	7,080
Total Nonspendable	<u>2,075</u>	<u>0</u>	<u>42,889</u>	<u>44,964</u>
Restricted:				
Budget Stabilization	15,307	0	0	15,307
Community Activities	0	0	1,527	1,527
Extracurricular Activities	0	0	66,213	66,213
Nonpublic Schools	0	0	4,416	4,416
Technology Improvements	0	0	7,000	7,000
Professional Development	0	0	7,200	7,200
Special Education	0	0	5,725	5,725
Vocational Education	0	0	396	396
Targeted Academic Assistance	0	0	14,304	14,304
Improving Teacher Quality	0	0	5,993	5,993
Debt Service Payments	0	1,075,169	0	1,075,169
Capital Improvements	0	0	621,562	621,562
Total Restricted	<u>15,307</u>	<u>1,075,169</u>	<u>734,336</u>	<u>1,824,812</u>
Assigned to Other Purposes	<u>187,650</u>	<u>0</u>	<u>0</u>	<u>187,650</u>
Total Assigned	<u>187,650</u>	<u>0</u>	<u>0</u>	<u>187,650</u>
Unassigned	<u>2,810,841</u>	<u>0</u>	<u>(15,973)</u>	<u>2,794,868</u>
Total Fund Balances	<u><u>\$3,015,873</u></u>	<u><u>\$1,075,169</u></u>	<u><u>\$761,252</u></u>	<u><u>\$4,852,294</u></u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

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

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

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

Capital Outlay	\$30,456
Depreciation Expense	(820,839)
	<u>(\$790,383)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$15,686)
Decrease in Intergovernmental Grants Receivable	(3,475)
Increase in Interest Earnings	456
	<u>(\$18,705)</u>

Amount of bond and lease principal payments:

Bond Principal Payment	\$286,557
Capital Lease Payment	97,773
	<u>\$384,330</u>

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

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

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

A. Deposits

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

At year end the carrying amount of the District's deposits was \$401,680 and the bank balance was \$522,903. Federal depository insurance covered \$253,300 of the bank balance and \$269,603 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>\$269,603</u>
Total Balance	<u><u>\$269,603</u></u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

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

B. Investments

The District's investments at June 30, 2015 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3 years	3-5 years
Repurchase Agreements	\$3,039,854	*	\$3,039,854	\$0	\$0
STAR Ohio	1,089,741	AAA ^m 2	1,089,741	0	0
FNMA Notes	258,888	a Aaa ¹ , AA+ ²	124,337	134,551	0
FHLB Note	64,895	Aaa ¹ , AA+ ²	64,895	0	0
FHLMC Notes	684,393	b Aaa ¹ , AA+ ²	154,933	464,460	65,000
FFCB Note	69,886	Aaa ¹ , AAA ²	69,886	0	0
FHLMC Discount Note	64,875	P-1 ¹ , A-1+ ²	64,875	0	0
Negotiable CD	170,000	AAA ³	0	0	170,000
Total Investments	\$5,442,532		\$4,608,521	\$599,011	\$235,000

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

¹ Moody's Investor Service

² Standard & Poor's

³ All are fully FDIC insured and therefore have an implied AAA credit rating.

^a \$64,935 FNMA Note is callable on January 30, 2016.

^b \$209,963 FHLMC Notes are callable in November, 2015. A \$100,000 FHLMC Note was called on August 25, 2015 and a \$65,000 FHLMC Note was called on September 29, 2015.

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

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

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 4.8% are FNMA, 1.2% are FHLB, 12.6% are FHLMC, 1.3% are FFCB, 1.2% are FHLMC Discount Notes and 3.1% are Negotiable Certificates of Deposit.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$4,527,975	\$1,316,237
Certificates of Deposit (with maturities of more than 3 months)	3,300	(3,300)
Repurchase Agreements	(3,039,854)	3,039,854
STAR Ohio	(1,089,741)	1,089,741
Per GASB Statement No. 3	<u>\$401,680</u>	<u>\$5,442,532</u>

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 7 - PROPERTY TAXES (Continued)

Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2015 receipts were based are:

	<u>Assessed Values for Collection in:</u>	
	<u>2014 Second Half</u>	<u>2015 First Half</u>
Agricultural/Residential and Other Real Estate	\$248,446,390	\$246,138,835
Public Utility Personal	7,976,040	8,025,020
Total Assessed Value	<u>\$256,422,430</u>	<u>\$254,163,855</u>
Tax rate per \$1,000 of assessed valuation	\$61.75	\$63.10

NOTE 8 - RECEIVABLES

Receivables at June 30, 2015 consisted of taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2015:

Historical Cost:

Class	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
<i>Capital Assets not being depreciated:</i>				
Land	\$438,952	\$0	\$0	\$438,952
Subtotal	438,952	0	0	438,952
<i>Capital Assets being depreciated:</i>				
Land Improvements	2,161,359	0	0	2,161,359
Buildings and Improvements	21,792,147	0	0	21,792,147
Furniture, Fixtures and Equipment	1,415,180	23,356	0	1,438,536
Vehicles	939,537	7,100	(7,561)	939,076
Subtotal	26,308,223	30,456	(7,561)	26,331,118
Total Cost	\$26,747,175	\$30,456	(\$7,561)	\$26,770,070

Accumulated Depreciation:

Class	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Land Improvements	(\$1,413,868)	(\$90,059)	\$0	(\$1,503,927)
Buildings and Improvements	(10,004,994)	(630,617)	0	(10,635,611)
Furniture, Fixtures and Equipment	(1,064,264)	(56,366)	0	(1,120,630)
Vehicles	(673,868)	(43,797)	5,670	(711,995)
Total Depreciation	(\$13,156,994)	(\$820,839) *	\$5,670	(\$13,972,163)
<i>Net Value:</i>	\$13,590,181			\$12,797,907

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$419,582
Support Services:	
Pupils	19,229
Instructional Staff	20,364
Administration	41,101
Fiscal Services	2,103
Operations and Maintenance of Plant	59,072
Pupil Transportation	55,000
Operation of Non-Instructional Services:	
Food Service	35,903
Extracurricular Activities	168,485
Total Depreciation Expense	\$820,839

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description

School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary. One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$232,024 for fiscal year 2015. Of this amount \$12,427 is reported as an intergovernmental payable.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$860,131 for fiscal year 2015. Of this amount \$130,260 is reported as an intergovernmental payable.

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HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,644,140	\$14,532,645	\$17,176,785
Proportion of the Net Pension Liability	0.052246%	0.05974744%	
Pension Expense	\$155,497	\$575,677	\$731,174

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$22,504	\$139,908	\$162,412
School District contributions subsequent to the measurement date	232,024	860,131	1,092,155
Total Deferred Outflows of Resources	<u>\$254,528</u>	<u>\$1,000,039</u>	<u>\$1,254,567</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$429,151	\$2,688,594	\$3,117,745
Total Deferred Inflows of Resources	<u>\$429,151</u>	<u>\$2,688,594</u>	<u>\$3,117,745</u>

\$1,092,155 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	(\$101,662)	(\$637,172)	(\$738,834)
2017	(101,662)	(637,172)	(738,834)
2018	(101,662)	(637,172)	(738,834)
2019	(101,661)	(637,170)	(738,831)
Total	<u>(\$406,647)</u>	<u>(\$2,548,686)</u>	<u>(\$2,955,333)</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation.

HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$3,772,403	\$2,644,140	\$1,695,174

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015***

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$20,805,066	\$14,532,645	\$9,228,288

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2015, 0.82 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount (\$20,450 for 2015), pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge.

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

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$45,022, \$28,539, and \$28,773 respectively; which were equal to the required contributions for each year.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$65,001, and \$66,615 respectively; which were equal to the required contributions for each year.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

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

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

Detail of the changes in the bonds, net pension liability, capital leases payable and compensated absences of the District for the year ended June 30, 2015 is as follows:

		Restated Balance June 30, 2014	Issued	Retired	Balance June 30, 2015	Due Within One Year
Governmental Activities:						
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	\$930,000	\$0	(\$5,000)	\$925,000	\$5,000
School Improvement Bonds	4.35-5.6%	31,557	0	(31,557)	0	0
School Improvement Bonds-Refunding	2.75-4.2%	8,759,987	0	(235,000)	8,524,987	270,000
School Improvement Bonds-Refunding	3.6-4%	1,885,000	0	(15,000)	1,870,000	700,000
Subtotal General Obligation Bonds Payable		11,606,544	0	(286,557)	11,319,987	975,000
Premium on Refunding Bonds		674,530	0	(68,943)	605,587	0
Interest Accretion		1,620,973	261,929	(638,443)	1,244,459	0
Total General Obligation Bonds Payable		13,902,047	261,929	(993,943)	13,170,033	975,000
Net Pension Liability:						
School Teachers Retirement System		17,311,192	0	(2,778,547)	14,532,645	0
School Employees Retirement System		3,106,902	0	(462,762)	2,644,140	0
Total Net Pension Liability		20,418,094	0	(3,241,309)	17,176,785	0
Capital Leases		301,989	0	(97,773)	204,216	98,448
Compensated Absences		1,036,919	188,558	(204,474)	1,021,003	215,519
Total Governmental Activities		\$35,659,049	\$450,487	(\$4,537,499)	\$31,572,037	\$1,288,967

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, 2015, follows:

Years	General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$975,000	\$432,729	\$98,448	\$5,898
2017	1,015,000	391,799	101,458	2,888
2018	1,055,000	350,279	4,310	46
2019	269,940	1,104,021	0	0
2020	243,795	1,129,847	0	0
2021-2025	4,911,252	2,090,562	0	0
2026-2028	2,850,000	146,782	0	0
Totals	\$11,319,987	\$5,646,019	\$204,216	\$8,832

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015***

NOTE 13 - CAPITALIZED LEASES

The District leases several copiers and three busses under capital leases. The cost of the equipment obtained under capital leases is \$325,406, which is included in the Governmental Activities Capital Assets and the related liability is included in the Governmental Activities Long-Term Liabilities.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2015:

Year Ending June 30,	Capital Leases
2016	\$104,346
2017	104,346
2018	4,356
Minimum Lease Payments	213,048
Less: Amount representing interest at the District's incremental borrowing rate of interest	(8,832)
Present Value of minimum lease payments	\$204,216

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2015 the District contracted with Wright Specialty Insurance for various insurance coverages, as follows:

Coverage	Deductible	Aggregate
	\$500/Comprehensive	
Fleet Insurance	\$500/Collision	\$1,000,000
Buildings and Contents	\$1,000	\$44,496,675
Equipment Breakdown	\$1,000	\$37,777,500
School District Liability	\$0	\$2,000,000
Employee Benefits Liability	\$1,000	\$3,000,000
School Leaders Errors and Omissions	\$2,500	\$1,000,000
Umbrella Policy	\$0	\$1,000,000
Crime	\$0	\$50,000
Inland Marine	\$500	\$100,000
Computers	\$500	\$100,000

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 14 - RISK MANAGEMENT (Continued)

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

The District provides life and vision benefits through commercial coverage. On July 1, 2013, the District began providing group health and dental care to employees and their eligible dependents through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the self-insurance fund are available to pay claims. The plan is administered by a third party administrator, Medical Benefits, Inc., which monitors all claim payments. Excess loss coverage becomes effective after \$95,000 per year per specific claim. The outstanding claims at June 30, 2015, for the health care self-insurance program amounted to \$371,400.

The claims liability reported in the fund at June 30, 2015 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2015 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2014	\$0	\$1,860,958	(\$1,638,758)	\$222,200
2015	\$222,200	\$2,028,577	(\$1,879,377)	\$371,400

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts for capital acquisition into a reserve. Reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2015, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2014	\$36,428
Current Year Additions	280,550
Qualifying Offset	(225,255)
Current Year Disbursements	(76,416)
Totals	\$15,307
Balance Carried Forward to FY2016	\$15,307
Restricted Cash Balance at June 30, 2015	\$15,307

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

NOTE 16 - INTERFUND ACTIVITY

Following is a summary of transfers in and out for all funds for fiscal year 2015:

Fund	Transfers In	Transfers Out
General Fund	\$0	\$85,000
Nonmajor Governmental Funds	85,000	0
Total All Funds	\$85,000	\$85,000

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

Licking Area Computer Association - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$74,262 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Strey, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

B. Educational Regional Service System Region 11

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 18 – CONTINGENCIES

A. Grants

The District receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2015.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 19 – OTHER COMMITMENTS

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

Governmental Funds:	
General Fund	\$138,350
Other Governmental Funds	<u>73,371</u>
Total Governmental Funds	<u><u>\$211,721</u></u>

NOTE 20 – SUBSEQUENT EVENTS

On September 8, 2015, the District refunded \$7,265,000 in General Obligation Bonds by issuing General Obligation Unlimited Tax Refunding Bonds of \$7,340,000.

HEATH CITY SCHOOL DISTRICT

Required Supplemental Information Schedule of District's Proportionate Share of the Net Pension Liability Last Two Fiscal Years

State Teachers Retirement System

Fiscal Year	<u>2013</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.05974744%	0.05974744%
District's proportionate share of the net pension liability (asset)	\$17,311,192	\$14,532,645
District's covered-employee payroll	\$6,661,546	\$6,196,446
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	259.87%	234.53%
Plan fiduciary net position as a percentage of the total pension liability	69.30%	74.70%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	<u>2013</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.052246%	0.052246%
District's proportionate share of the net pension liability (asset)	\$3,106,902	\$2,644,140
District's covered-employee payroll	\$1,929,429	\$1,526,782
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	161.03%	173.18%
Plan fiduciary net position as a percentage of the total pension liability	65.52%	71.70%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

HEATH CITY SCHOOL DISTRICT

**Required Supplemental Information
Schedule of District Contributions
Last Ten Fiscal Years**

State Teachers Retirement System

Fiscal Year	2006	2007	2008	2009
Contractually required contribution	\$832,249	\$857,632	\$856,239	\$884,386
Contributions in relation to the contractually required contribution	<u>832,249</u>	<u>857,632</u>	<u>856,239</u>	<u>884,386</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$6,401,915	\$6,597,169	\$6,586,454	\$6,802,969
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	2006	2007	2008	2009
Contractually required contribution	\$161,448	\$179,808	\$169,327	\$152,003
Contributions in relation to the contractually required contribution	<u>161,448</u>	<u>179,808</u>	<u>169,327</u>	<u>152,003</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$1,525,974	\$1,683,596	\$1,724,308	\$1,544,746
Contributions as a percentage of covered-employee payroll	10.58%	10.68%	9.82%	9.84%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

HEATH CITY SCHOOL DISTRICT

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$891,874	\$926,673	\$928,456	\$866,001	\$805,538	\$860,131
<u>891,874</u>	<u>926,673</u>	<u>928,456</u>	<u>866,001</u>	<u>805,538</u>	<u>860,131</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,860,569	\$7,128,254	\$7,141,969	\$6,661,546	\$6,196,446	\$6,143,793
13.00%	13.00%	13.00%	13.00%	13.00%	14.00%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$206,513	\$222,510	\$248,002	\$267,033	\$211,612	\$232,024
<u>206,513</u>	<u>222,510</u>	<u>248,002</u>	<u>267,033</u>	<u>211,612</u>	<u>232,024</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,525,207	\$1,770,167	\$1,843,881	\$1,929,429	\$1,526,782	\$1,760,425
13.54%	12.57%	13.45%	13.84%	13.86%	13.18%

HEATH CITY SCHOOL DISTRICT



HEATH CITY SCHOOL DISTRICT

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Food Service Fund

To record financial transactions associated with food service operations.

Uniform School Supply Fund

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

Rotary Fund

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

Public School Support Fund

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

Other Grants Fund

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

District Managed Student Activity Fund

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

Auxiliary Services Fund

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

Management Information System Fund

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

(Continued)

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

SchoolNet Professional Development Fund

To account for professional development subsidy grants.

Race to the Top Fund

To account for grant monies received to provide either new or expanded innovative programs in specific educational areas. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Title VI-B Fund

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

Vocational Education Fund

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

Title I Fund

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

Improving Teacher Quality Fund

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

Capital Projects Funds

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

Permanent Improvement Fund

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

Building Fund

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

HEATH CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 177,629	\$ 612,222	\$ 789,851
Receivables:			
Taxes	0	199,489	199,489
Intergovernmental	50,760	0	50,760
Inventory	7,080	0	7,080
Prepaid Items	121	35,688	35,809
Total Assets	\$ 235,590	\$ 847,399	\$ 1,082,989
Liabilities:			
Accounts Payable	\$ 16,848	\$ 140	\$ 16,988
Accrued Wages and Benefits	77,702	0	77,702
Intergovernmental Payable	15,766	0	15,766
Early Retirement Incentive Payable	8,857	0	8,857
Compensated Absences Payable	12,415	0	12,415
Total Liabilities	131,588	140	131,728
Deferred Inflows of Resources:			
Property Taxes	0	185,945	185,945
Unavailable Revenue	0	4,064	4,064
Total Deferred Inflows of Resources	0	190,009	190,009
Fund Balances:			
Nonspendable	7,201	35,688	42,889
Restricted	112,774	621,562	734,336
Unassigned	(15,973)	0	(15,973)
Total Fund Balances	104,002	657,250	761,252
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 235,590	\$ 847,399	\$ 1,082,989

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Local Sources:			
Taxes	\$ 0	\$ 187,924	\$ 187,924
Food Services	152,316	0	152,316
Investment Earnings	82	6,782	6,864
Extracurricular Activities	124,900	0	124,900
Intergovernmental - State	15,892	37,340	53,232
Intergovernmental - Federal	982,893	0	982,893
All Other Revenue	44,701	0	44,701
Total Revenue	1,320,784	232,046	1,552,830
Expenditures:			
Current:			
Instruction	493,938	218,104	712,042
Supporting Services:			
Pupils	1,622	0	1,622
Instructional Staff	66,683	0	66,683
Administration	146,133	3,168	149,301
Fiscal Services	0	2,859	2,859
Central	4,000	0	4,000
Operation of Non-Instructional Services:			
Community Services	1,994	0	1,994
Food Service Operations	549,094	0	549,094
Extracurricular Activities	141,266	0	141,266
Total Expenditures	1,404,730	224,131	1,628,861
Excess (Deficiency) of Revenues			
Over Expenditures	(83,946)	7,915	(76,031)
Other Financing Sources (Uses):			
Transfers In	85,000	0	85,000
Total Other Financing Sources (Uses)	85,000	0	85,000
Net Change in Fund Balance	1,054	7,915	8,969
Fund Balances at Beginning of Year	115,496	649,335	764,831
Decrease in Inventory Reserve	(12,548)	0	(12,548)
Fund Balances End of Year	\$ 104,002	\$ 657,250	\$ 761,252

HEATH CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015**

	Food Service	Other Grants	District Managed Student Activity	Auxiliary Services
Assets:				
Cash and Cash Equivalents	\$ 44,960	\$ 1,527	\$ 82,561	\$ 4,416
Receivables:				
Intergovernmental	0	0	0	0
Inventory	7,080	0	0	0
Prepaid Items	121	0	0	0
Total Assets	\$ 52,161	\$ 1,527	\$ 82,561	\$ 4,416
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 16,348	\$ 0
Accrued Wages and Benefits	24,664	0	0	0
Intergovernmental Payable	14,997	0	0	0
Early Retirement Incentive Payable	8,857	0	0	0
Compensated Absences Payable	12,415	0	0	0
Total Liabilities	60,933	0	16,348	0
Fund Balances:				
Nonspendable	7,201	0	0	0
Restricted	0	1,527	66,213	4,416
Unassigned	(15,973)	0	0	0
Total Fund Balances (Deficit)	(8,772)	1,527	66,213	4,416
Total Liabilities and Fund Balances	\$ 52,161	\$ 1,527	\$ 82,561	\$ 4,416

HEATH CITY SCHOOL DISTRICT

Management Information System	SchoolNet Professional Development	Title VI-B	Vocational Education	Title I	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 7,000	\$ 7,200	\$ 10,863	\$ 396	\$ 18,175	\$ 531	\$ 177,629
0	0	17,321	0	27,477	5,962	50,760
0	0	0	0	0	0	7,080
0	0	0	0	0	0	121
<u>\$ 7,000</u>	<u>\$ 7,200</u>	<u>\$ 28,184</u>	<u>\$ 396</u>	<u>\$ 45,652</u>	<u>\$ 6,493</u>	<u>\$ 235,590</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500	\$ 16,848
0	0	22,138	0	30,900	0	77,702
0	0	321	0	448	0	15,766
0	0	0	0	0	0	8,857
0	0	0	0	0	0	12,415
<u>0</u>	<u>0</u>	<u>22,459</u>	<u>0</u>	<u>31,348</u>	<u>500</u>	<u>131,588</u>
0	0	0	0	0	0	7,201
7,000	7,200	5,725	396	14,304	5,993	112,774
0	0	0	0	0	0	(15,973)
<u>7,000</u>	<u>7,200</u>	<u>5,725</u>	<u>396</u>	<u>14,304</u>	<u>5,993</u>	<u>104,002</u>
<u>\$ 7,000</u>	<u>\$ 7,200</u>	<u>\$ 28,184</u>	<u>\$ 396</u>	<u>\$ 45,652</u>	<u>\$ 6,493</u>	<u>\$ 235,590</u>

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2015

	Food Service	Other Grants	District Managed Student Activity	Auxiliary Services	Management Information System
Revenues:					
Local Sources:					
Food Services	\$ 152,316	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	82	0	0
Extracurricular Activities	0	0	124,900	0	0
Intergovernmental - State	5,937	0	0	2,755	0
Intergovernmental - Federal	284,925	0	0	0	0
All Other Revenue	32,865	1,633	10,203	0	0
Total Revenue	476,043	1,633	135,185	2,755	0
Expenditures:					
Current:					
Instruction	0	0	0	0	0
Supporting Services:					
Pupils	0	1,622	0	0	0
Instructional Staff	0	0	0	0	0
Administration	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	1,994	0
Food Service Operations	549,094	0	0	0	0
Extracurricular Activities	0	0	141,266	0	0
Total Expenditures	549,094	1,622	141,266	1,994	0
Excess (Deficiency) of Revenues					
Over Expenditures	(73,051)	11	(6,081)	761	0
Other Financing Sources (Uses):					
Transfers In	85,000	0	0	0	0
Total Other Financing Sources (Uses)	85,000	0	0	0	0
Net Change in Fund Balance	11,949	11	(6,081)	761	0
Fund Balances at Beginning of Year	(8,173)	1,516	72,294	3,655	7,000
Decrease in Inventory	(12,548)	0	0	0	0
Fund Balances End of Year	\$ (8,772)	\$ 1,527	\$ 66,213	\$ 4,416	\$ 7,000

HEATH CITY SCHOOL DISTRICT

SchoolNet Professional Development	Race to the Top	Title VI-B	Vocational Education	Title I	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152,316
0	0	0	0	0	0	82
0	0	0	0	0	0	124,900
7,200	0	0	0	0	0	15,892
0	30,000	286,271	0	345,670	36,027	982,893
0	0	0	0	0	0	44,701
<u>7,200</u>	<u>30,000</u>	<u>286,271</u>	<u>0</u>	<u>345,670</u>	<u>36,027</u>	<u>1,320,784</u>
0	5,000	152,239	0	336,699	0	493,938
0	0	0	0	0	0	1,622
0	0	24,203	0	7,536	34,944	66,683
0	25,000	121,133	0	0	0	146,133
0	0	0	0	4,000	0	4,000
0	0	0	0	0	0	1,994
0	0	0	0	0	0	549,094
0	0	0	0	0	0	141,266
<u>0</u>	<u>30,000</u>	<u>297,575</u>	<u>0</u>	<u>348,235</u>	<u>34,944</u>	<u>1,404,730</u>
7,200	0	(11,304)	0	(2,565)	1,083	(83,946)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,000</u>
7,200	0	(11,304)	0	(2,565)	1,083	1,054
0	0	17,029	396	16,869	4,910	115,496
0	0	0	0	0	0	(12,548)
<u>\$ 7,200</u>	<u>\$ 0</u>	<u>\$ 5,725</u>	<u>\$ 396</u>	<u>\$ 14,304</u>	<u>\$ 5,993</u>	<u>\$ 104,002</u>

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015***

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 591,486	\$ 20,736	\$ 612,222
Receivables:			
Taxes	199,489	0	199,489
Prepaid Items	35,688	0	35,688
Total Assets	<u>\$ 826,663</u>	<u>\$ 20,736</u>	<u>\$ 847,399</u>
Liabilities:			
Accounts Payable	\$ 140	\$ 0	\$ 140
Total Liabilities	<u>140</u>	<u>0</u>	<u>140</u>
Deferred Inflows of Resources:			
Property Taxes	185,945	0	185,945
Unavailable Revenue	4,064	0	4,064
Total Deferred Inflows of Resources	<u>190,009</u>	<u>0</u>	<u>190,009</u>
Fund Balances:			
Nonspendable	35,688	0	35,688
Restricted	600,826	20,736	621,562
Total Fund Balances	<u>636,514</u>	<u>20,736</u>	<u>657,250</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 826,663</u>	<u>\$ 20,736</u>	<u>\$ 847,399</u>

HEATH CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2015***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
Local Sources:			
Taxes	\$ 187,924	\$ 0	\$ 187,924
Investment Earnings	6,580	202	6,782
Intergovernmental - State	37,340	0	37,340
Total Revenue	231,844	202	232,046
Expenditures:			
Current:			
Instruction	218,104	0	218,104
Supporting Services:			
Administration	0	3,168	3,168
Fiscal Services	2,859	0	2,859
Total Expenditures	220,963	3,168	224,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,881	(2,966)	7,915
Fund Balances at Beginning of Year	625,633	23,702	649,335
Fund Balances End of Year	\$ 636,514	\$ 20,736	\$ 657,250

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, 2015***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,290,600	\$ 1,289,321	\$ (1,279)
Intergovernmental - State	223,760	222,058	(1,702)
Total Revenues	1,514,360	1,511,379	(2,981)
Expenditures:			
Current:			
Support Services:			
Fiscal Services	20,000	17,839	2,161
Debt Service:			
Principal Retirement	1,097,980	1,008,176	89,804
Interest and Fiscal Charges	463,247	463,088	159
Total Debt Service	1,561,227	1,471,264	89,963
Total Expenditures	1,581,227	1,489,103	92,124
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,867)	22,276	89,143
Fund Balance at Beginning of Year	991,163	991,163	0
Fund Balance at End of Year	\$ 924,296	\$ 1,013,439	\$ 89,143

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, 2015***

FOOD SERVICE FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Food Services	\$ 160,000	\$ 152,316	\$ (7,684)
Investment Earnings	0	0	0
Intergovernmental - State	6,300	5,937	(363)
Intergovernmental - Federal	242,650	242,613	(37)
All Other Revenues	32,950	32,865	(85)
Total Revenues	441,900	433,731	(8,169)
Expenditures:			
Non-Instructional Services:			
Food Service Operations	485,490	484,902	588
Total Expenditures	485,490	484,902	588
Excess (Deficiency) of Revenues Over (Under) Expenditures			
	(43,590)	(51,171)	(7,581)
Total Other Financing Sources (Uses):			
Transfers In	85,000	85,000	0
Total Other Financing Sources (Uses)	85,000	85,000	0
Net Change in Fund Balance	41,410	33,829	(7,581)
Fund Balance at Beginning of Year	11,131	11,131	0
Fund Balance at End of Year	\$ 52,541	\$ 44,960	\$ (7,581)

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, 2015***

UNIFORM SCHOOL SUPPLY FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Class Materials and Fees	\$ 59,236	\$ 54,315	\$ (4,921)
Total Revenues	<u>59,236</u>	<u>54,315</u>	<u>(4,921)</u>
Expenditures:			
Instructional Services	115,381	47,762	67,619
Total Expenditures	<u>115,381</u>	<u>47,762</u>	<u>67,619</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,145)	6,553	62,698
Fund Balance at Beginning of Year	78,952	78,952	0
Prior Year Encumbrances	1,067	1,067	0
Fund Balance at End of Year	<u>\$ 23,874</u>	<u>\$ 86,572</u>	<u>\$ 62,698</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, 2015***

	ROTARY FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Investment Earnings	\$ 10	\$ 4	\$ (6)
All Other Revenues	5,750	5,725	(25)
Total Revenues	<u>5,760</u>	<u>5,729</u>	<u>(31)</u>
Expenditures:			
Instructional Services	9,895	6,032	3,863
Total Expenditures	<u>9,895</u>	<u>6,032</u>	<u>3,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,135)	(303)	3,832
Fund Balance at Beginning of Year	<u>10,773</u>	<u>10,773</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,638</u>	<u>\$ 10,470</u>	<u>\$ 3,832</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, 2015***

PUBLIC SCHOOL SUPPORT FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
All Other Revenues	\$ 134,050	\$ 135,475	\$ 1,425
Total Revenues	<u>134,050</u>	<u>135,475</u>	<u>1,425</u>
Expenditures:			
Support Services:			
Pupils	139,967	112,120	27,847
Instructional Staff	5,351	3,694	1,657
Central	<u>13,265</u>	<u>2,238</u>	<u>11,027</u>
Total Expenditures	<u>158,583</u>	<u>118,052</u>	<u>40,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,533)	17,423	41,956
Fund Balance at Beginning of Year	76,401	76,401	0
Prior Year Encumbrances	<u>2,127</u>	<u>2,127</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 53,995</u>	<u>\$ 95,951</u>	<u>\$ 41,956</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, 2015*

OTHER GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 1,650	\$ 1,633	\$ (17)
Total Revenues	1,650	1,633	(17)
Expenditures:			
Support Services:			
Pupils	1,830	1,622	208
Non-Instructional Services:			
Other	242	0	242
Total Expenditures	2,072	1,622	450
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(422)	11	433
Fund Balance at Beginning of Year	1,516	1,516	0
Fund Balance at End of Year	\$ 1,094	\$ 1,527	\$ 433

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, 2015***

DISTRICT MANAGED STUDENT ACTIVITY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 120	\$ 82	\$ (38)
Extracurricular Activities	125,800	124,900	(900)
All Other Revenues	10,370	10,203	(167)
Total Revenues	<u>136,290</u>	<u>135,185</u>	<u>(1,105)</u>
Expenditures:			
Extracurricular Activities	175,938	154,366	21,572
Total Expenditures	<u>175,938</u>	<u>154,366</u>	<u>21,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,648)	(19,181)	20,467
Fund Balance at Beginning of Year	62,631	62,631	0
Prior Year Encumbrances	9,663	9,663	0
Fund Balance at End of Year	<u>\$ 32,646</u>	<u>\$ 53,113</u>	<u>\$ 20,467</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, 2015***

AUXILIARY SERVICES FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 2,755	\$ 2,755	\$ 0
Total Revenues	2,755	2,755	0
Expenditures:			
Non-Instructional Services:			
Community Services	3,568	1,994	1,574
Total Expenditures	3,568	1,994	1,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	(813)	761	1,574
Fund Balance at Beginning of Year	87	87	0
Prior Year Encumbrances	3,568	3,568	0
Fund Balance at End of Year	\$ 2,842	\$ 4,416	\$ 1,574

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, 2015***

MANAGEMENT INFORMATION SYSTEM FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 7,000	\$ 0	\$ (7,000)
Total Revenues	7,000	0	(7,000)
Expenditures:			
Support Services:			
Business	7,000	0	7,000
Total Expenditures	7,000	0	7,000
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	7,000	7,000	0
Fund Balance at End of Year	\$ 7,000	\$ 7,000	\$ 0

HEATH CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2015**

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

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, 2015***

RACE TO THE TOP FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 30,000	\$ 30,000	\$ 0
Total Revenues	30,000	30,000	0
Expenditures:			
Instructional Services	5,000	5,000	0
Support Services:			
Administration	25,000	25,000	0
Total Expenditures	30,000	30,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

HEATH CITY SCHOOL DISTRICT

***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, 2015***

TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 319,895	\$ 302,574	\$ (17,321)
Total Revenues	319,895	302,574	(17,321)
Expenditures:			
Instructional Services	151,739	151,739	0
Support Services:			
Instructional Staff	23,991	23,991	0
Administration	121,797	121,797	0
Total Expenditures	297,527	297,527	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,368	5,047	(17,321)
Fund Balance at Beginning of Year	5,435	5,435	0
Prior Year Encumbrances	381	381	0
Fund Balance at End of Year	\$ 28,184	\$ 10,863	\$ (17,321)

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, 2015***

VOCATIONAL EDUCATION FUND

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

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2015***

TITLE I FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 385,857	\$ 358,380	\$ (27,477)
Total Revenues	385,857	358,380	(27,477)
Expenditures:			
Instructional Services	338,079	338,079	0
Support Services:			
Instructional Staff	7,536	7,536	0
Central	4,000	4,000	0
Total Expenditures	349,615	349,615	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,242	8,765	(27,477)
Fund Balance at Beginning of Year	8	8	0
Prior Year Encumbrances	9,402	9,402	0
Fund Balance at End of Year	\$ 45,652	\$ 18,175	\$ (27,477)

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, 2015***

IMPROVING TEACHER QUALITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 40,133	\$ 34,171	\$ (5,962)
Total Revenues	40,133	34,171	(5,962)
Expenditures:			
Support Services:			
Instructional Staff	34,944	34,944	0
Total Expenditures	34,944	34,944	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,189	(773)	(5,962)
Fund Balance at Beginning of Year	2	2	0
Prior Year Encumbrances	802	802	0
Fund Balance at End of Year	\$ 5,993	\$ 31	\$ (5,962)

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, 2015***

PERMANENT IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Local Sources:			
Taxes	\$ 188,000	\$ 187,914	\$ (86)
Investment Earnings	6,640	6,580	(60)
Intergovernmental - State	<u>37,450</u>	<u>37,340</u>	<u>(110)</u>
Total Revenues	<u>232,090</u>	<u>231,834</u>	<u>(256)</u>
Expenditures:			
Instructional Services	260,972	253,578	7,394
Support Services:			
Fiscal Services	<u>3,000</u>	<u>2,859</u>	<u>141</u>
Total Expenditures	<u>263,972</u>	<u>256,437</u>	<u>7,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,882)	(24,603)	7,279
Fund Balance at Beginning of Year	561,907	561,907	0
Prior Year Encumbrances	<u>10,812</u>	<u>10,812</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 540,837</u>	<u>\$ 548,116</u>	<u>\$ 7,279</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, 2015***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 200	\$ 202	\$ 2
Total Revenues	<u>200</u>	<u>202</u>	<u>2</u>
Expenditures:			
Supporting Services:			
Operation and Maintenance of Plant Services	<u>17,818</u>	<u>3,168</u>	<u>14,650</u>
Total Expenditures	<u>17,818</u>	<u>3,168</u>	<u>14,650</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(17,618)	(2,966)	14,652
Fund Balance at Beginning of Year	10,884	10,884	0
Prior Year Encumbrances	<u>12,818</u>	<u>12,818</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,084</u>	<u>\$ 20,736</u>	<u>\$ 14,652</u>

HEATH CITY SCHOOL DISTRICT

Fiduciary Fund

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

Agency Fund

Student Managed Activity Fund

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

Ohio High School Athletic Association (OHSAA) Tournament Fund

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

HEATH CITY SCHOOL DISTRICT

Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$41,941	\$83,164	(\$86,851)	\$38,254
Total Assets	\$41,941	\$83,164	(\$86,851)	\$38,254
Liabilities:				
Due to Students	\$41,941	\$83,164	(\$86,851)	\$38,254
Total Liabilities	\$41,941	\$83,164	(\$86,851)	\$38,254
<u>OHSAA Tournament Fund</u>				
Assets:				
Cash and Cash Equivalents	\$2,181	\$20,270	(\$2,817)	\$19,634
Total Assets	\$2,181	\$20,270	(\$2,817)	\$19,634
Liabilities:				
Due to Others	\$2,181	\$20,270	(\$2,817)	\$19,634
Total Liabilities	\$2,181	\$20,270	(\$2,817)	\$19,634
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$44,122	\$103,434	(\$89,668)	\$57,888
Total Assets	\$44,122	\$103,434	(\$89,668)	\$57,888
Liabilities:				
Due to Others	\$2,181	\$20,270	(\$2,817)	\$19,634
Due to Students	41,941	83,164	(86,851)	38,254
Total Liabilities	\$44,122	\$103,434	(\$89,668)	\$57,888

HEATH CITY SCHOOL DISTRICT

STATISTICAL TABLES

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

Contents

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

Sources Note:

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

Heath City School District

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

	2006	2007	2008	2009
Governmental Activities:				*
Net Investment in Capital Assets	\$1,993,183	\$2,893,470	\$2,834,908	\$2,811,504
Restricted for:				
Capital Projects	887,506	728,676	887,090	800,073
Debt Service	491,354	554,425	720,704	855,590
Statutory Purposes	0	0	0	0
Federal and State Grant Programs	0	0	0	0
Other Purposes	351,893	518,892	759,384	1,006,293
Unrestricted	705,539	(495,432)	(160,090)	(206,364)
Total Governmental Activities Net Position	<u>\$4,429,475</u>	<u>\$4,200,031</u>	<u>\$5,041,996</u>	<u>\$5,267,096</u>
Primary Government:				
Net Investment in Capital Assets	\$1,993,183	\$2,893,470	\$2,834,908	\$2,811,504
Restricted	1,730,753	1,801,993	2,367,178	2,661,956
Unrestricted	705,539	(495,432)	(160,090)	(206,364)
Total Primary Government Net Position	<u>\$4,429,475</u>	<u>\$4,200,031</u>	<u>\$5,041,996</u>	<u>\$5,267,096</u>

* Restated

Source: District Treasurer's Office

Heath City School District

2010	2011	2012	2013	2014	2015
				*	
\$2,693,125	\$2,630,860	\$2,239,306	\$1,569,237	\$1,007,118	\$668,117
829,813	719,231	738,118	692,224	653,740	661,314
1,072,423	1,054,061	1,128,253	1,042,315	1,038,847	1,063,596
0	0	140,760	61,909	108,722	81,520
0	0	36,153	33,557	54,850	46,561
815,061	1,235,344	0	0	0	0
(246,538)	(1,193,673)	(1,279,996)	(2,343,361)	(20,546,771)	(18,183,979)
<u>\$5,163,884</u>	<u>\$4,445,823</u>	<u>\$3,002,594</u>	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>
\$2,693,125	\$2,630,860	\$2,239,306	\$1,569,237	\$1,007,118	\$668,117
2,717,297	3,008,636	2,043,284	1,830,005	1,856,159	1,852,991
(246,538)	(1,193,673)	(1,279,996)	(2,343,361)	(20,546,771)	(18,183,979)
<u>\$5,163,884</u>	<u>\$4,445,823</u>	<u>\$3,002,594</u>	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>

Heath City School District

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

	2006	2007	2008
Expenses			
Governmental Activities:			
Instruction	\$8,505,200	\$8,926,735	\$9,085,543
Support Services:			
Pupils	816,256	799,648	810,305
Instructional Staff	560,388	414,699	378,349
Board of Education	8,668	9,322	10,855
Administration	1,259,854	1,267,292	1,254,840
Fiscal Services	497,666	529,640	487,384
Business	25,163	32,881	44,304
Operation and Maintenance of Plant	1,240,473	1,398,886	1,353,411
Pupil Transportation	549,559	575,485	631,807
Central	208,089	237,093	250,355
Operation of Non-Instructional Services			
Community Services	4,458	6,483	5,951
Food Service Operations	511,037	550,878	560,347
Shared Services	0	0	0
Other	0	0	0
Extracurricular Activities	557,110	598,363	616,595
Interest and Fiscal Charges	710,537	939,196	941,017
<i>Total Primary Government Expenses</i>	<u><u>\$15,454,458</u></u>	<u><u>\$16,286,601</u></u>	<u><u>\$16,431,063</u></u>
Program Revenues			
Governmental Activities:			
Charges for Services			
Instruction	\$168,744	\$217,244	\$173,950
Support Services:			
Pupils	46,813	36,026	1,907
Operation of Non-Instructional Services			
Food Service Operations	300,649	291,284	292,224
Extracurricular Activities	79,875	97,200	105,913
Operating Grants and Contributions	841,478	849,020	975,399
Capital Grants and Contributions	52,500	0	5,416
<i>Total Governmental Activities</i>	<u><u>1,490,059</u></u>	<u><u>1,490,774</u></u>	<u><u>1,554,809</u></u>
<i>Program Revenues</i>			

Heath City School District

2009	2010	2011	2012	2013	2014	2015
\$9,646,810	\$10,537,518	\$10,300,203	\$9,989,037	\$10,304,880	\$10,096,148	\$10,513,018
865,694	1,030,058	935,407	805,150	632,193	621,994	583,590
350,010	374,083	384,329	344,754	318,009	264,908	324,069
12,061	11,787	16,901	20,516	79,588	80,043	49,101
1,333,496	1,450,432	1,452,788	1,618,593	1,468,112	1,518,459	1,523,311
514,732	504,185	499,038	492,224	506,287	528,591	578,977
41,636	34,831	34,834	17,713	29,284	14,330	20,438
1,317,583	1,236,884	1,230,337	1,306,882	1,351,000	1,330,607	1,507,678
589,078	631,971	642,930	638,839	654,334	637,015	592,204
243,900	291,401	319,121	280,810	275,932	308,948	451,684
5,125	10,722	6,758	6,117	1,776	4,410	1,994
592,736	629,322	597,437	616,504	616,807	567,567	596,853
0	0	0	0	0	17,994	54,691
0	0	0	1,900	0	0	0
728,693	713,070	688,364	574,354	601,322	593,994	618,078
963,173	985,299	1,012,984	1,024,811	1,117,528	891,757	657,894
<u>\$17,204,727</u>	<u>\$18,441,563</u>	<u>\$18,121,431</u>	<u>\$17,738,204</u>	<u>\$17,957,052</u>	<u>\$17,476,765</u>	<u>\$18,073,580</u>
\$186,639	\$158,698	\$161,632	\$137,166	\$156,220	\$600,894	\$948,735
3,856	59,040	47,311	45,392	41,000	43,788	60,609
298,338	256,785	243,667	241,808	220,566	186,257	152,316
104,348	109,350	115,755	87,820	102,999	134,064	124,900
922,259	1,564,636	1,688,192	838,086	895,828	1,026,547	1,087,236
12,068	0	0	0	0	0	0
<u>1,527,508</u>	<u>2,148,509</u>	<u>2,256,557</u>	<u>1,350,272</u>	<u>1,416,613</u>	<u>1,991,550</u>	<u>2,373,796</u>

(Continued)

Heath City School District

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

	2006	2007	2008
Net (Expense)/Revenue			
Governmental Activities	(13,964,399)	(14,795,827)	(14,876,254)
<i>Total Primary Government</i>			
<i>Net (Expense)/Revenue</i>	<u>(\$13,964,399)</u>	<u>(\$14,795,827)</u>	<u>(\$14,876,254)</u>
 General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$6,834,368	\$7,012,225	\$7,716,065
Debt Service	1,280,030	1,435,903	1,351,190
Capital Outlay	114,438	128,674	212,373
Grants and Entitlements not			
Restricted to Specific Programs	4,964,161	5,410,791	5,871,413
Investment Earnings	161,987	223,690	189,225
Miscellaneous	301,156	355,100	377,953
<i>Total Primary Government</i>	<u>\$13,656,140</u>	<u>\$14,566,383</u>	<u>\$15,718,219</u>
 Change in Net Position			
Governmental Activities	(308,259)	(229,444)	841,965
<i>Total Primary Government</i>			
<i>Change in Net Position</i>	<u>(\$308,259)</u>	<u>(\$229,444)</u>	<u>\$841,965</u>

* Restated

Source: District Treasurer's Office

Heath City School District

2009	2010	2011	2012	2013	2014	2015
*						
(15,677,219)	(16,293,054)	(15,864,874)	(16,387,932)	(16,540,439)	(15,485,215)	(15,699,784)
<u>(15,677,219)</u>	<u>(16,293,054)</u>	<u>(15,864,874)</u>	<u>(16,387,932)</u>	<u>(16,540,439)</u>	<u>(15,485,215)</u>	<u>(15,699,784)</u>
\$7,530,679	\$7,924,272	\$6,934,888	\$6,981,958	\$6,623,175	\$7,854,925	\$8,621,606
1,234,411	1,332,583	1,090,509	1,161,817	1,095,634	1,171,836	1,290,787
198,766	207,989	196,460	172,436	177,920	186,087	187,583
6,331,894	6,198,597	6,391,572	6,098,286	6,145,307	6,383,632	7,086,554
84,071	19,132	11,449	9,489	7,825	6,886	10,716
522,498	507,269	521,935	520,717	543,865	543,418	523,161
<u>\$15,902,319</u>	<u>\$16,189,842</u>	<u>\$15,146,813</u>	<u>\$14,944,703</u>	<u>\$14,593,726</u>	<u>\$16,146,784</u>	<u>\$17,720,407</u>
225,100	(103,212)	(718,061)	(1,443,229)	(1,946,713)	661,569	2,020,623
<u>\$225,100</u>	<u>(\$103,212)</u>	<u>(\$718,061)</u>	<u>(\$1,443,229)</u>	<u>(\$1,946,713)</u>	<u>\$661,569</u>	<u>\$2,020,623</u>

Heath City School District

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

	2006	2007	2008	2009
General Fund				*
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	1,040,193	1,137,953	1,237,003	1,561,877
Unreserved	21,354	25,821	600,692	936,787
<i>Total General Fund</i>	<u>1,061,547</u>	<u>1,163,774</u>	<u>1,837,695</u>	<u>2,498,664</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	734,089	741,159	841,806	961,056
Unreserved, Undesignated in:				
Special Revenue Funds	247,222	261,747	304,652	272,882
Capital Projects Funds	663,834	599,020	802,480	733,249
<i>Total All Other Governmental Funds</i>	<u>1,645,145</u>	<u>1,601,926</u>	<u>1,948,938</u>	<u>1,967,187</u>
<i>Total Governmental Funds</i>	<u><u>\$2,706,692</u></u>	<u><u>\$2,765,700</u></u>	<u><u>\$3,786,633</u></u>	<u><u>\$4,465,851</u></u>

* Restated

Source: District Treasurer's Office

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

Heath City School District

2010	2011	2012	2013	2014	2015
\$0	\$183,217	\$171,764	\$58,886	\$2,463	\$2,075
0	1,071,779	86,144	5,881	36,428	15,307
0	240,210	143,303	124,352	717,659	187,650
0	1,177,178	1,167,714	0	533,211	2,810,841
2,270,930	0	0	0	0	0
79,028	0	0	0	0	0
<u>2,349,958</u>	<u>2,672,384</u>	<u>1,568,925</u>	<u>189,119</u>	<u>1,289,761</u>	<u>3,015,873</u>
0	30,011	27,854	18,872	63,584	42,889
0	1,833,419	1,893,664	1,811,895	1,779,099	1,809,505
0	0	(21,255)	(44,961)	(27,959)	(15,973)
1,342,239	0	0	0	0	0
455,673	0	0	0	0	0
582,640	0	0	0	0	0
<u>2,380,552</u>	<u>1,863,430</u>	<u>1,900,263</u>	<u>1,785,806</u>	<u>1,814,724</u>	<u>1,836,421</u>
<u>\$4,730,510</u>	<u>\$4,535,814</u>	<u>\$3,469,188</u>	<u>\$1,974,925</u>	<u>\$3,104,485</u>	<u>\$4,852,294</u>

Heath City School District

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

	2006	2007	2008	2009
Revenues:				*
Local Sources:				
Taxes	\$8,316,370	\$8,973,456	\$9,177,281	\$8,961,555
Tuition	78,323	132,640	97,851	93,116
Food Service	300,649	291,284	292,224	298,338
Investment Earnings	158,998	224,641	191,210	83,550
Extracurricular Activities	79,875	97,200	105,913	104,348
Class Materials and Fees	87,092	80,984	75,699	85,847
Intergovernmental - State	5,053,501	5,435,638	5,935,027	6,384,719
Intergovernmental - Federal	801,138	804,350	905,022	882,747
All Other Revenue	349,000	414,494	383,685	528,422
Total Revenue	15,224,946	16,454,687	17,163,912	17,422,642
Expenditures:				
Current:				
Instruction	7,818,644	8,450,515	8,670,531	9,099,786
Supporting Services:				
Pupils	819,120	780,296	790,332	843,298
Instructional Staff	503,159	392,514	362,294	325,836
Board of Education	8,668	9,322	10,855	12,061
Administration	1,218,226	1,233,636	1,211,911	1,273,230
Fiscal Services	494,041	524,494	482,568	504,825
Business	23,173	32,881	44,304	41,636
Operation and Maintenance of Plant	1,184,777	1,371,895	1,261,633	1,259,472
Pupil Transportation	708,790	526,559	581,873	513,898
Central	201,825	220,129	238,584	232,781
Operation of Non-Instructional Services				
Community Services	4,458	6,483	5,951	5,125
Food Service Operations	471,141	503,554	533,326	553,902
Shared Services	0	0	0	0
Other	0	0	0	0
Extracurricular Activities	391,195	429,705	449,089	591,722
Capital Outlay	370,063	293,999	88,201	354,520
Debt Service:				
Principal Retirement	595,659	955,293	809,080	791,884
Interest and Fiscal Charges	776,485	655,854	612,393	587,690
Total Expenditures	15,589,424	16,387,129	16,152,925	16,991,666
Excess (Deficiency) of Revenues Over (Under) Expenditures	(364,478)	67,558	1,010,987	430,976

Heath City School District

2010	2011	2012	2013	2014	2015
\$9,331,887	\$8,188,824	\$8,381,872	\$8,082,155	\$9,250,713	\$10,115,662
81,380	86,905	66,003	78,449	535,675	890,288
256,785	243,667	241,808	220,566	186,257	152,316
22,538	11,841	9,590	7,807	6,416	9,938
109,350	115,755	87,820	102,999	134,064	124,900
75,966	72,703	64,454	76,887	64,719	57,449
6,271,018	6,375,408	6,115,330	6,048,971	6,647,676	7,194,372
1,409,484	1,736,676	836,314	920,119	879,254	982,893
567,612	571,270	572,818	585,749	583,706	584,368
<u>18,126,020</u>	<u>17,403,049</u>	<u>16,376,009</u>	<u>16,123,702</u>	<u>18,288,480</u>	<u>20,112,186</u>
9,973,182	9,795,976	9,631,529	9,887,089	9,671,600	10,227,343
982,329	927,881	809,099	609,970	597,979	610,112
350,625	362,563	324,278	301,093	243,751	317,931
11,787	16,901	20,516	79,588	80,043	49,101
1,396,787	1,384,316	1,638,441	1,506,325	1,459,945	1,507,152
496,682	492,914	487,692	502,551	536,825	573,425
34,831	34,834	17,713	29,284	14,330	20,438
1,168,957	1,189,989	1,222,560	1,208,877	1,253,864	1,423,453
556,111	571,969	585,119	613,996	584,559	544,902
279,319	311,756	278,397	274,241	308,225	448,230
10,722	6,758	6,117	1,776	4,410	1,994
594,848	560,267	583,818	583,763	531,695	553,134
0	0	0	0	17,994	54,691
0	0	1,900	0	0	0
543,862	520,440	421,200	452,268	426,676	463,049
91,484	88,968	49,870	174,798	274,419	68,586
820,875	818,702	866,702	983,849	923,699	1,022,773
554,109	514,971	491,780	485,280	484,775	465,915
<u>17,866,510</u>	<u>17,599,205</u>	<u>17,436,731</u>	<u>17,694,748</u>	<u>17,414,789</u>	<u>18,352,229</u>
259,510	(196,156)	(1,060,722)	(1,571,046)	873,691	1,759,957

(Continued)

Heath City School District

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

	2006	2007	2008	2009
Other Financing Sources (Uses):				
Sale of Capital Assets	0	75	75	0
General Obligation Notes Issued	164,000	0	0	0
Premium on General Obligation Notes	5,798	0	0	0
Refunding General Obligation Bonds Issued	12,494,986	0	0	0
Premium on General Obligation Refunding Bond	1,275,918	0	0	0
Payment to Refunded Bond Escrow Agent	(13,533,778)	0	0	0
Other Financing Sources - Capital Leases	0	0	0	248,060
Transfers In	15,000	15,000	20,000	20,000
Transfers Out	(15,000)	(15,000)	(20,000)	(20,000)
Total Other Financing Sources (Uses)	<u>406,924</u>	<u>75</u>	<u>75</u>	<u>248,060</u>
Net Change in Fund Balance	<u>\$42,446</u>	<u>\$67,633</u>	<u>\$1,011,062</u>	<u>\$679,036</u>
 Debt Service as a Percentage of Noncapital Expenditures	 9.07%	 10.02%	 8.84%	 8.31%

* Restated

Source: District Treasurer's Office

Heath City School District

2010	2011	2012	2013	2014	2015
49	0	0	0	4,000	400
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	74,450	250,956	0
20,000	0	0	0	50,000	85,000
(20,000)	0	0	0	(50,000)	(85,000)
49	0	0	74,450	254,956	400
<u>\$259,559</u>	<u>(\$196,156)</u>	<u>(\$1,060,722)</u>	<u>(\$1,496,596)</u>	<u>\$1,128,647</u>	<u>\$1,760,357</u>
7.71%	7.61%	7.81%	8.36%	8.21%	8.13%

Heath City School District

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

Tax year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	*			**
Real Property				
Assessed	\$236,666,040	\$236,780,990	\$243,057,770	\$244,538,400
Actual	676,188,686	676,517,114	694,450,771	698,681,143
Public Utility				
Assessed	6,351,210	6,463,400	5,352,300	5,906,570
Actual	6,351,210	6,463,400	5,352,300	5,906,570
Tangible Personal Property				
Assessed	40,706,030	23,227,380	23,843,800	510,015
Actual	162,824,120	123,879,360	190,750,400	8,160,240
Total				
Assessed	283,723,280	266,471,770	272,253,870	250,954,985
Actual	845,364,016	806,859,874	890,553,471	712,747,953
Assessed Value as a Percentage of Actual Value	33.56%	33.03%	30.57%	35.21%
Total Direct Tax Rate	\$50.30	\$49.06	\$54.60	\$55.08

Source: Licking County Auditor

* Reappraisal

** Update

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

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

Heath City School District

2009	2010	2011 *	2012	2013	2014 **
\$243,252,830	\$243,524,570	\$246,409,720	\$248,432,630	\$248,446,390	\$246,138,835
695,008,086	695,784,486	704,027,771	709,807,514	709,846,829	703,253,814
5,787,400	6,265,120	6,342,490	6,675,260	7,976,040	8,025,020
5,787,400	6,265,120	6,342,490	6,675,260	7,976,040	8,025,020
536,600	0	0	0	0	0
5,366,000	0	0	0	0	0
249,576,830	249,789,690	252,752,210	255,107,890	256,422,430	254,163,855
706,161,486	702,049,606	710,370,261	716,482,774	717,822,869	711,278,834
35.34%	35.58%	35.58%	35.61%	35.72%	35.73%
\$55.70	\$55.62	\$55.70	\$53.85	\$61.75	\$63.10

Heath City School District

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Direct District Rates				
General Fund	44.50	42.76	48.40	48.81
Bond Retirement Fund	4.60	5.10	5.00	5.07
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>50.30</u>	<u>49.06</u>	<u>54.60</u>	<u>55.08</u>
Overlapping Rates				
City of Heath	5.40	5.40	5.40	5.40
Career and Technical Education Center	3.00	3.00	3.00	2.50
Licking County	7.40	7.40	7.40	7.10
Licking County Library	0.00	0.00	0.00	0.00
Licking County Park District	0.00	0.00	0.00	0.00

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

Source:

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

Heath City School District

2009	2010	2011	2012	2013	2014
49.30	49.31	49.30	47.60	55.50	56.60
5.20	5.11	5.20	5.05	5.05	5.30
1.20	1.20	1.20	1.20	1.20	1.20
<u>55.70</u>	<u>55.62</u>	<u>55.70</u>	<u>53.85</u>	<u>61.75</u>	<u>63.10</u>
5.40	5.40	5.40	5.65	5.40	5.40
2.50	2.52	2.54	2.48	2.56	2.54
7.40	7.70	7.70	7.70	7.70	8.00
0.00	1.00	1.00	1.00	1.00	1.00
0.00	0.00	0.00	0.00	0.25	0.25



Heath City School District

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

		Calendar Year 2014		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$8,967,740	1	3.53%
Ohio Power Company	Utility Company - Electric	5,535,930	2	2.18%
Southgate Association Limited Partnership	Shopping Center	5,483,800	3	2.16%
Cross Creek Limited Partnership	Shopping Center	2,915,120	4	1.15%
Wal*Mart Stores, Inc.	Retail Store	2,912,710	5	1.15%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,640,190	6	1.04%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,595,150	7	1.02%
H&D Holding Company	Development	2,332,260	8	0.92%
Quest Heathwood Village LLC	Apartments	2,233,920	9	0.88%
Inland Western Heath Southgate LLC	Shopping Center	2,169,410	10	0.85%
Subtotal		<u>37,786,230</u>		14.88%
All Others		<u>216,377,625</u>		85.12%
Total		<u><u>\$254,163,855</u></u>		<u><u>100.00%</u></u>
		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	Utility Company - Electric	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>		18.48%
All Others		<u>198,124,420</u>		81.52%
Total		<u><u>\$243,017,250</u></u>		<u><u>100.00%</u></u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2014 and 2005

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

Heath City School District

*Property Tax Levies and Collections
Last Ten Years*

Collection Year	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total Tax Levy	\$9,907,213	\$10,091,936	\$9,201,990
Collections within the Fiscal Year of the Levy			
Current Tax Collections	8,655,699	9,008,503	8,585,291
Percent of Levy Collected	87.37%	89.26%	93.30%
Delinquent Tax Collections (1)	<u>329,014</u>	<u>658,186</u>	<u>204,378</u>
Total Tax Collections	8,984,713	9,666,689	8,789,669
Percent of Total Tax Collections To Tax Levy	90.69%	95.79%	95.52%
Accumulated Outstanding Delinquent Taxes	922,501	425,247	412,320
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	9.31%	4.21%	4.48%

Source: Licking County Auditor's Office

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

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

Heath City School District

2008	2009	2010	2011	2012	2013	2014
\$9,772,281	\$9,252,238	\$9,420,730	\$9,476,237	\$9,495,631	\$9,003,974	\$10,960,686
9,568,886	8,929,050	8,385,220	9,196,764	9,149,588	8,709,214	10,649,259
97.92%	96.51%	89.01%	97.05%	96.36%	96.73%	97.16%
127,549	204,670	336,522	336,523	96,940	3,969	167,209
9,696,435	9,133,720	8,721,742	9,533,287	9,246,528	8,713,183	10,816,468
99.22%	98.72%	92.58%	100.60%	97.38%	96.77%	98.68%
468,915	644,070	698,988	214,485	232,431	183,748	190,554
4.80%	6.96%	7.42%	2.26%	2.45%	2.04%	1.74%

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities (1)				
Long-Term Notes Payable	\$294,000	\$102,000	\$69,000	\$35,000
General Obligation Bonds Payable	16,885,008	16,448,748	16,041,800	15,721,702
Capital Leases	139,607	91,314	40,234	215,410
Total Primary Government	<u>\$17,318,615</u>	<u>\$16,642,062</u>	<u>\$16,151,034</u>	<u>\$15,972,112</u>
Population (2)				
City of Heath	8,527	8,527	8,527	8,544
Outstanding Debt Per Capita	2,031	1,952	1,894	1,869
Income (3)				
Personal (in thousands)	260,150	274,237	289,253	295,460
Percentage of Personal Income	6.66%	6.07%	5.58%	5.41%

* Restated for Deferred Charge on Refunding

Sources:

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

Heath City School District

2010	2011	2012	2013	2014	2015
		*			
\$0	\$0	\$0	\$0	\$0	\$0
15,402,557	15,120,402	15,061,386	14,522,171	13,902,047	13,170,033
169,535	120,833	69,131	64,732	301,989	204,216
<u>\$15,572,092</u>	<u>\$15,241,235</u>	<u>\$15,130,517</u>	<u>\$14,586,903</u>	<u>\$14,204,036</u>	<u>\$13,374,249</u>
8,507	10,310	10,310	10,310	10,310	10,310
1,831	1,478	1,468	1,415	1,378	1,297
291,348	358,520	386,532	410,854	412,596	412,596
5.34%	4.25%	3.91%	3.55%	3.44%	3.24%

Heath City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2006	2007	2008	2009
Population ⁽¹⁾	8,527	8,527	8,527	8,544
Assessed Value ⁽²⁾	283,723,280	266,471,770	272,253,870	250,954,985
General Bonded Debt ⁽³⁾				
General Obligation Bonds	16,885,008	16,448,748	16,041,800	15,721,702
Resources Available to Pay Principal ⁽⁴⁾	404,467	513,213	664,539	797,551
Net General Bonded Debt	16,480,541	15,935,535	15,377,261	14,924,151
Ratio of Net Bonded Debt to Assessed Value	5.81%	5.98%	5.65%	5.95%
Net Bonded Debt per Capita	1,932.75	1,868.83	1,803.36	1,746.74

Source:

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

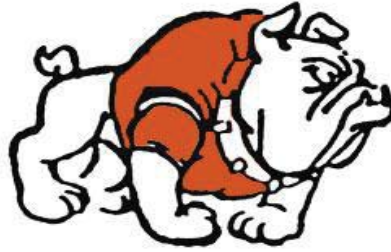
(2) Licking County Auditor

(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

2010	2011	2012	2013	2014	2015
8,507	10,310	10,310	10,310	10,310	10,310
249,576,830	249,789,690	252,752,210	255,107,890	256,422,430	254,163,855
15,402,557	15,120,402	15,061,386	14,522,171	13,902,047	13,170,033
880,415	1,031,216	1,103,745	1,042,575	1,049,893	1,075,169
14,522,142	14,089,186	13,957,641	13,479,596	12,852,154	12,094,864
5.82%	5.64%	5.52%	5.28%	5.01%	4.76%
1,707.08	1,366.56	1,353.80	1,307.43	1,246.57	1,173.12



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2015*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Heath City School District</u>	<u>Amount Applicable to Heath City School District</u>
Direct:			
Heath City School District	\$13,374,249	100.00%	\$13,374,249
Overlapping:			
City of Heath	2,670,000	93.71%	2,502,057
Career and Technical Education Center	4,095,000	6.47%	264,947
Licking County	16,998,761	6.51%	<u>1,106,619</u>
		Subtotal	<u>3,873,623</u>
		Total	<u><u>\$17,247,872</u></u>

Source: Licking County and Fiscal Officers of Subdivision

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

Heath City School District

Debt Limitations Last Ten Years

	2006	2007	2008	2009
Net Assessed Valuation	\$283,723,280	\$266,471,770	\$272,253,870	\$250,954,985
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	25,535,095	23,982,459	24,502,848	22,585,949
Applicable District Debt Outstanding	17,119,008	16,550,748	16,110,800	15,756,702
Less: Applicable Debt Service Fund Amounts (2)	(404,467)	(513,213)	(664,539)	(797,551)
Net Indebtedness Subject to Limitation	<u>16,714,541</u>	<u>16,037,535</u>	<u>15,446,261</u>	<u>14,959,151</u>
Overall Legal Debt Margin	<u>\$8,820,554</u>	<u>\$7,944,924</u>	<u>\$9,056,587</u>	<u>\$7,626,798</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	283,723	266,472	272,254	250,955
Applicable District Debt Outstanding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$283,723</u>	<u>\$266,472</u>	<u>\$272,254</u>	<u>\$250,955</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,553,510	2,398,246	2,450,285	2,258,595
Applicable District Debt Outstanding	<u>(60,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$2,493,510</u>	<u>\$2,398,246</u>	<u>\$2,450,285</u>	<u>\$2,258,595</u>

*Restated for Deferred Charge on Refunding

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

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

Heath City School District

2010	2011	2012	2013	2014	2015
		*			
\$249,576,830	\$249,789,690	\$252,752,210	\$255,107,890	\$256,422,430	\$254,163,855
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
22,461,915	22,481,072	22,747,699	22,959,710	23,078,019	22,874,747
15,402,557	15,120,402	15,061,386	14,522,171	13,902,047	13,170,033
(880,415)	(1,031,216)	(1,103,745)	(1,042,575)	(1,049,893)	(1,075,169)
14,522,142	14,089,186	13,957,641	13,479,596	12,852,154	12,094,864
\$7,939,773	\$8,391,886	\$8,790,058	\$9,480,114	\$10,225,865	\$10,779,883
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
249,577	249,790	252,752	255,108	256,422	254,164
0	0	0	0	0	0
\$249,577	\$249,790	\$252,752	\$255,108	\$256,422	\$254,164
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,246,191	2,248,107	2,274,770	2,295,971	2,307,802	2,287,475
0	0	0	0	0	0
\$2,246,191	\$2,248,107	\$2,274,770	\$2,295,971	\$2,307,802	\$2,287,475

Heath City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2005	2006	2007	2008	2009
Population (1)					
City of Heath	8,527	8,527	8,527	8,544	8,507
Licking County	154,806	155,694	155,694	156,183	158,488
Income (2) (a)					
Total Personal (in thousands)	260,150	274,237	289,253	295,460	291,348
Per Capita	30,509	32,161	33,922	34,581	34,248
Unemployment Rate (3)					
Federal	5.0%	4.6%	4.6%	5.8%	9.3%
State	5.9%	5.5%	5.6%	6.6%	10.2%
Licking County	5.8%	5.1%	5.2%	6.1%	9.3%
Fiscal Year	2006	2007	2008	2009	2010
School Enrollment (4)					
Grades K - 2	382	358	379	382	370
Grades 3 - 5	429	434	435	432	398
Grades 6 - 8	412	418	395	436	416
Grades 9 - 12	458	484	487	472	445
JVS	39	45	47	53	52
Total	<u>1,720</u>	<u>1,739</u>	<u>1,743</u>	<u>1,775</u>	<u>1,681</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 (2014 not available), Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Heath City School District

2010	2011	2012	2013	2014
10,310	10,310	10,310	10,310	10,310
166,492	166,983	167,537	168,375	168,375
358,520	386,532	410,854	412,596	412,596
34,774	37,491	39,850	40,019	40,019
9.6%	8.9%	8.1%	7.4%	6.2%
10.1%	8.6%	7.2%	7.4%	5.7%
9.5%	8.0%	6.5%	6.9%	5.1%
2011	2012	2013	2014	2015
345	325	329	365	401
384	364	368	376	389
437	422	426	388	407
431	430	436	464	473
55	56	55	48	65
<u>1,652</u>	<u>1,597</u>	<u>1,614</u>	<u>1,641</u>	<u>1,735</u>



Heath City School District

Principal Employers Current Year and Nine Years Ago

		2014	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	797	1
Super Wal-Mart Stores	Retail Sales	434	2
Arvin/Meritor	Manufacturing	323	3
Kaiser Aluminum & Chemical Co.	Manufacturing	320	4
Heath City Schools	Education	254	5
Heath Nursing Home	Health Care	241	6
Lowe's Home Center	Retail Sales	240	7
Target Stores	Retail Sales	207	8
John Hinderer Honda	Retail Sales	162	9
Englefield Oil	Petroleum Products	141	10
Total		<u>3,119</u>	

		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>	

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

Heath City School District

School District Employees by Type Last Ten Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Supervisory					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	1.00	1.00	1.00	1.00	1.00
Principals	4.00	4.00	4.00	4.00	4.00
Assistant Principals	1.00	1.00	1.00	1.00	1.00
Instruction					
Classroom Teachers	106.00	105.00	105.00	106.00	106.00
Student Services					
Guidance Counselors	3.50	3.50	3.00	3.50	3.50
Psychologists	1.00	1.00	1.00	1.00	1.00
Librarians	2.00	2.00	2.00	2.00	2.00
Support Services					
Clerical/Secretaries	11.00	11.00	11.00	11.00	11.00
Tutors/Aides	6.00	6.00	2.00	2.00	2.00
Food Service	18.00	18.00	18.00	18.00	18.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	12.00	12.00	12.00	12.00	12.00
<i>Total Employees</i>	<u>176.50</u>	<u>175.50</u>	<u>171.00</u>	<u>172.50</u>	<u>172.50</u>

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

Source: District Treasurer's Office

Heath City School District

2011	2012	2013	2014	2015
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	2.00	2.00
104.00	102.00	100.00	104.00	102.00
3.50	2.50	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	1.00	1.00	1.00
11.00	11.00	11.00	11.00	11.00
2.00	2.00	1.00	1.00	1.00
18.00	18.00	18.00	18.00	18.00
9.00	9.00	9.00	9.00	9.00
12.00	12.00	12.00	12.00	12.00
<u>170.50</u>	<u>167.50</u>	<u>162.00</u>	<u>167.00</u>	<u>165.00</u>

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2006	2007	2008	2009
Enrollment	1,720	1,739	1,743	1,775
Modified Accrual Basis				
Operating Expenditures	15,589,424	16,387,129	16,152,925	16,991,666
Cost per Pupil	9,064	9,423	9,267	9,573
Percentage of Change	(0.6%)	4.0%	(1.7%)	3.3%
Accrual Basis (1)				
Expenses	14,743,921	15,347,405	15,490,046	16,241,554
Cost per Pupil	8,572	8,825	8,887	9,150
Percentage of Change	(0.02%)	2.96%	0.70%	2.96%
Teaching Staff	106	105	105	106

(1) Expenses exclude interest and fiscal charges

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

N/A - Not Available

Heath City School District

2010	2011	2012	2013	2014	2015
1,681	1,652	1,597	1,614	1,641	1,735
17,866,510	17,599,205	17,436,731	17,694,748	17,414,789	18,352,229
10,629	10,653	10,918	10,963	10,612	10,578
11.0%	0.2%	2.5%	0.4%	(3.2%)	(0.3%)
17,456,264	17,108,447	16,713,393	16,839,524	16,585,008	17,415,686
10,384	10,356	10,465	10,433	10,107	10,038
13.49%	(0.27%)	1.06%	(0.31%)	(3.13%)	(0.68%)
106	104	93	94	100	102

Heath City School District

Operating Indicators by Function Last Ten Years

	2006	2007	2008	2009
Governmental Activities				
Pupils				
Enrollment	1,720	1,739	1,743	1,775
Graduates	107	110	105	113
Percent of Students with Disabilities	6.6%	6.8%	6.7%	6.3%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	95.90%	95.90%	95.10%	96.10%
Fiscal Services				
Purchase Orders Processed	2,305	2,161	2,054	2,149
Checks Issued (non payroll)	2,591	2,330	2,269	2,316
Operation and Maintenance of Plant				
District Square Footage Maintained	291,068	291,068	291,068	291,068
District Square Miles Maintained	11.2	11.2	11.2	11.2
Pupil Transportation				
Average Daily Students Transported	1,147	1,147	1,147	1,189
Average Daily Bus Fleet Miles	898	898	898	901
Number of Buses	16	16	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Meals Served Annually	92,164	93,174	155,431	156,800
Percent of Free/Reduced Price Meals	23%	24%	33%	39%
Extracurricular Activities				
High School Varsity Teams	17	17	17	17

Source: District Treasurer's Office

Heath City School District

2010	2011	2012	2013	2014	2015
1,681	1,652	1,597	1,614	1,641	1,735
110	122	116	112	117	133
6.5%	6.7%	7.0%	7.1%	7.2%	7.2%
12	12	12	12	12	12
94.70%	95.40%	96.40%	96.20%	96.80%	96.70%
2,067	2,114	2,116	2,355	2,367	2,241
1,583	2,266	2,242	2,385	2,288	2,318
291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,188	1,195	1,162	1,169	1,181	1,188
901	901	901	899	900	901
16	16	16	16	16	16
156,982	146,579	145,932	142,972	141,109	140,972
40%	41%	46%	47%	47%	48%
17	17	17	17	17	17

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2006	2007	2008	2009	2010
Minimum Salary (1)	31,175	31,175	31,175	32,213	33,286
Maximum Salary (1)	68,585	68,585	68,585	69,258	71,565
District Average Salary (3)	47,058	49,985	50,768	51,571	54,130
County Average Salary (3)	46,289	47,110	49,633	49,961	51,707
State Average Salary (3)	50,772	53,536	53,410	54,656	55,958

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	2006	2007	2008	2009	2010
Bachelor's Degree	11	10	10	9	9
Bachelor + 15 (2)	25	25	17	18	16
Master's Degree	50	49	53	54	56
Master's Degree + 15 (2)	11	12	12	12	12
Master's Degree + 30	9	9	13	13	13
Total	106	105	105	106	106

Source: District Treasurer's Office

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

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

(3) Average salary information is not available from the Ohio Department of Education for fiscal year 2015.

Heath City School District

2011	2012	2013	2014	2015
33,286	33,286	33,286	34,118	34,800
71,565	71,565	71,565	73,354	74,820
54,823	54,334	54,057	52,671	52,671
51,585	51,585	51,214	50,858	50,858
56,715	56,715	56,307	55,916	55,916

2011	2012	2013	2014	2015
7	6	6	27	26
16	9	9	0	0
56	57	56	64	67
12	9	9	0	0
13	12	12	9	9
104	93	92	100	102

Heath City School District

Capital Asset Statistics by Building Last Ten Years

	2006	2007	2008	2009
Secondary				
Heath High School				
Square Footage	124,740	124,740	124,740	124,740
Capacity (students)	600	600	600	600
Enrollment	497	484	534	525
Middle				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	412	418	395	436
Elementary				
Stevenson Elementary School				
Square Footage	42,337	44,437	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	429	434	435	432
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	450	450	450	450
Enrollment	382	358	379	382
All Other				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	14	14	13	13
Bus Garage				
Square Footage	10,800	10,800	10,800	10,800
Capacity (Buses)	16	16	16	16

Source: District Treasurer's Office

Heath City School District

2010	2011	2012	2013	2014	2015
124,740	124,740	124,740	124,740	124,740	124,740
600	600	600	600	600	600
497	486	497	497	512	538
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
416	437	416	416	388	407
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
398	384	398	398	376	401
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
370	345	370	370	365	389
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	13	13	12	13
10,800	10,800	10,800	10,800	10,800	10,800
16	16	16	16	16	16

Heath City School District

Educational and Operating Statistics Last Ten Years

	2006	2007	2008	2009	2010
ACT Scores (Average)					
Heath	21.3	N/A	21.7	21.8	22.0
Ohio	21.5	21.6	21.6	21.7	21.7
National	21.1	21.2	21.2	21.3	21.3
Cost per Student (ODE)					
Heath	8,107	8,138	8,260	8,060	10,480
Ohio (Average) (1)	9,355	9,586	9,939	10,184	10,512
Attendance Rate					
Heath	95.90%	95.40%	95.10%	95.20%	94.70%
Ohio (Average) (1)	94.10%	94.10%	94.20%	94.30%	94.30%
Graduation Rate					
Heath	96.20%	90.10%	99.10%	93.70%	99.30%
Ohio (Average) (2)	86.20%	86.10%	86.20%	84.60%	83.00%

Source:

District's Student Records and Ohio Department of Education

(1) ODE calculation is not based on GAAP financial reports. 2015 figures were not yet available

(2) The 2014 and 2015 figures were not yet available.

Heath City School District

2011	2012	2013	2014	2015
21.9	21.8	21.7	21.8	21.9
21.7	21.6	21.7	21.7	21.7
21.3	21.3	21.3	21.4	21.4
10,677	9,136	10,961	10,981	11,778
10,571	10,508	10,149	10,357	10,357
95.40%	95.60%	96.10%	96.70%	96.60%
94.40%	94.20%	94.30%	94.20%	94.20%
96.50%	95.80%	95.90%	96.20%	95.60%
83.30%	83.80%	82.20%	82.20%	82.20%





Dave Yost • 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 11, 2016