

HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

SINGLE AUDIT

JULY 1, 2007 - JUNE 30, 2008



Mary Taylor, CPA
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 Wilson, Shannon & Snow, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 15, 2008

This Page is Intentionally Left Blank.

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	1
NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	2
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	5
SCHEDULE OF FINDINGS – <i>OMB CIRCULAR A-133§.505</i>	7
SCHEDULE OF PRIOR AUDIT FINDINGS – <i>OMB CIRCULAR A-133§.505</i>	10

This Page is Intentionally Left Blank.

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass thru Grantor/ Program Title	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed through the Ohio Department of Education:</i>					
Food Donation	10.550	\$ -	\$ 51,511	\$ -	\$ 51,511
National School Lunch Program	10.555	193,221	-	193,221	-
Total U.S. Department of Agricultur		<u>193,221</u>	<u>51,511</u>	<u>193,221</u>	<u>51,511</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed through the Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies	84.010	272,359	-	246,603	-
Special Education-Grants to States	84.027	396,045	-	361,816	-
Safe and Drug Free Schools and Communities-State Grants	84.186	16,174	-	16,132	-
State Grants for Innovative Programs	84.298	7,160	-	6,753	-
Education Technology State Grants	84.318	1,868	-	2,116	-
Reducing Class Size Grant	84.340	-	-	4,497	-
Improving Teacher Quality State Grants	84.367	24,996	-	24,889	-
Total U.S. Department of Education		<u>718,602</u>	<u>-</u>	<u>662,806</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 911,823</u>	<u>\$ 51,511</u>	<u>\$ 856,027</u>	<u>\$ 51,511</u>

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

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D - TRANSFERS

During 2008, the Ohio Department of Education (ODE) authorized the District to transfer unneeded funds to other grants as well as carryover monies from the prior fiscal year to the current fiscal year. Authorized transfers and carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the transfers/carryovers is as follows:

CFDA Number	Program Title	Transfers Out	Transfers In
84.010	Title I Grants to Local Educational Agencies	\$ -	\$ 4,500
84.186	Safe and Drug Free Schools and Communities	-	10,000
84.298	Innovative Education	-	5,000
84.367	Improving Teacher Quality State Grants	<u>19,500</u>	-
Total		\$ <u>19,500</u>	\$ <u>19,500</u>

NOTE E –PERIOD OF AVAILABILITY

The District disbursed \$4,497 associated with the Reducing Class Size Grant during fiscal year 2008, however, this program was deleted by the United States Department of Education in 2003. This federal program was previously reported as C.F.D.A. 84.340.



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio (the District) as of and for the fiscal year ended June 30, 2008 which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2008. We noted the District implemented GASB Statements no. 45, 48, and 50, as disclosed in Note 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Wilson, Shannon & Snow, Inc.

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

Heath City School District
Licking County
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*
Page 2

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

However, we noted certain internal control matters that we reported to the District's management in a separate letter dated December 8, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the 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 have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain noncompliance or other matter that we reported to the District's management in a separate letter dated December 8, 2008.

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

Wilson, Shannon E. Snow, Inc.

Newark, Ohio
December 8, 2008



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

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

Compliance

We have audited the compliance of the Heath City School District, Licking County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Heath City School District, Licking County, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings and responses as items 2008-001 and 2008-002. Furthermore, in a separate letter to the District's management dated December 8, 2008, we reported another matter related to federal noncompliance not requiring inclusion in this report.

Internal Control over Compliance

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

Wilson, Shannon & Snow, Inc.

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

Heath City School District
Licking County
Report on Compliance with Requirements Applicable
to Its Major Program and on Internal Control over
Compliance with OMB Circular A-133 and the Schedule
of Federal Awards Receipts and Expenditures
Page 2

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and responses 2008-001 and 2008-002 to be significant deficiencies.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We do not consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses.

Schedule of Federal Awards Receipts and Expenditures

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, (the District) as of and for the fiscal year ended June 30, 2008, and have issued our report dated December 8, 2008 wherein we noted the District implemented GASB Statement No.'s 45, 48, and 50 as disclosed in Note 3. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Wilson, Shannon E. Snow, Inc.

Newark, Ohio
December 8, 2008

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Program (list):	Special Education Grants to States\ CFDA 84.027 and National School Lunch Program\ CFDA 10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2008

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

None.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2008-001
CFDA Title and Number	Special Education Grants to States, #84.027
Federal Award Number/Year	
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Period of Availability – Special Education Grants to States – Noncompliance Finding

34 C.F.R. Section 74.28 states that where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Secretary. The Ohio Department of Education (ODE) 2006 Continuous Comprehensive Improvement Planning (CCIP) Consolidated Application for the Special Education IDEA Part B grant defined the available period as July 1, 2007 to June 30, 2008. ODE Federal Fiscal Report Procedure #1 states that obligations must be liquidated prior to submitting the Final Expenditure Report, which must be filed no later than 90 days after the end of the project period.

The District charged payroll related costs to the 2008 Special Education IDEA Part B grant after the September 30, 2008 liquidation period ending date in the amount of \$1,768.

We recommend the District implement procedures to ensure that costs charged to its grant awards only result from obligations incurred during the funding period and that expenditures are liquidated by the required deadline.

Official's Response and Corrective Action Plan: The Treasurer will monitor federal expenditures to ensure that all obligations are liquidated during the period of availability.

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2008

3. FINDINGS FOR FEDERAL AWARDS - CONTINUED

Finding Number	2008-002
----------------	----------

Statement of Position 98-3, Section .320(a) indicates “the audit shall be completed and the data collection form.....shall be submitted within the earlier of 30 days after receipt of the auditors’ report or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit”.

The fiscal year 2007 audit report was dated December 21, 2007 and released by the Auditor of State on January 22, 2008. However, in a letter dated May 7, 2008 from the Federal Audit Clearinghouse, the District did not file a copy of the audited financial statements along with the data collection form. Therefore, the 2007 audit could not be accepted as complete and processed by the Federal Audit Clearinghouse.

We recommend that the District take the necessary corrective action to submit the required missing components with the Federal Audit Clearinghouse so that the 2007 audit can be accepted. Furthermore, the District should develop procedures to ensure that future audit submissions to the Federal Audit Clearinghouse are complete.

Official’s Response and Corrective Action Plan: The Treasurer has resubmitted the 2007 Single Audit reporting package as required.

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain:
2007-001	Ohio Revised Code Section 5751.21 requires school districts to allocate tangible personal property tax loss payments in accordance with requirements set forth by Ohio Department of Education.	Yes	N/A.
2007-002	Ohio Revised Code Section 3313.46 requires that contracts in excess of \$25,000 are competitively bid if certain guidelines are not met.	Yes	N/A.
2007-003	Ohio Revised Code Section 5705.36 requires receipts to be certified by the County Auditor prior to posting.	Yes	N/A.
2007-004	Ohio Revised Code Section 5705.39 requires that appropriations shall not exceed estimated resources.	Partially	Reported in the management letter.
2007-005	Ohio Revised Code Section 5705.36(A)(2) allows subdivisions to request amended certificates upon the determination that revenue to be collected will be greater or less than the original certificate.	Yes	N/A.
2007-006	Financial Reporting	Yes	N/A.

HEATH CITY SCHOOL DISTRICT

Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**



Heath City School District

HEATH CITY SCHOOL DISTRICT

Heath, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2008**

Prepared by:

**Mr. Bradley T. Hall
Treasurer**



Heath City School District

HEATH CITY SCHOOL DISTRICT

TABLE OF CONTENTS

I

INTRODUCTORY SECTION

A Letter of Transmittalv
B Members of the Board of Education and Administrationx
C School District Organizational Chart.....xi
D GFOA Certificate of Achievement xii

II

FINANCIAL SECTION

A Independent Auditor’s Report.....1
B Management’s Discussion and Analysis3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Assets.....12
 Statement of Activities13
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet14
 Reconciliation of Total Governmental Fund Balances to Net Assets of
 Governmental Activities 15
 Statement of Revenues, Expenditures and Changes in Fund Balances16
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities18
 Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget and Actual (Non-GAAP Budgetary Basis):
 General Fund19
 Fiduciary Funds:
 Statement of Net Assets.....20
 Statement of Changes in Net Assets.....21
 Notes to the Basic Financial Statements.....22

HEATH CITY SCHOOL DISTRICT

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds Statements:

Combining Balance Sheet – Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	55
Combining Balance Sheet – Nonmajor Special Revenue Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	60
Combining Balance Sheet – Nonmajor Capital Projects Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	65

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

Debt Service Fund:

Bond Retirement Fund.....	66
---------------------------	----

Capital Projects Fund:

Permanent Improvement Fund	67
----------------------------------	----

Nonmajor Governmental Funds:

Special Revenue Funds:

Food Service Fund	68
Uniform School Supply Fund	69
Rotary Fund	70
Public School Support Fund	71
Other Grants Fund.....	72
District Managed Student Activity Fund	73
Auxiliary Services Fund.....	74
Management Information System Fund.....	75
Data Communication Fund	76
SchoolNet Professional Development Fund	77
Interactive Video Distance Learning Grant Fund	78
OhioReads Fund.....	79
Other State Grants Fund.....	80
Title VI-B Fund.....	81

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds: (Continued)

Special Revenue Funds: (Continued)

Vocational Education Fund.....	82
Title I Fund	83
Title V Fund	84
Drug Free Grant Fund.....	85
Telecommunications Fund.....	86
Improving Teacher Quality Fund.....	87
Other Federal Grants Fund.....	88

Capital Projects Funds:

Building Fund	89
Vocational Education Equipment Fund	90

E Fiduciary Fund – Agency Fund:

Statement of Changes in Assets and Liabilities.....	93
---	----

F Capital Assets Used in the Operation of Governmental Funds:

Schedule by Source	95
Schedule by Function and Activity.....	96
Schedule of Changes by Function and Activity	98

HEATH CITY SCHOOL DISTRICT

III

STATISTICAL SECTION

Net Assets by Component - Last Five Years S 2
Changes in Net Assets - Last Five Years S 4
Fund Balances, Governmental Funds - Last Ten Years S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years S 10
Assessed Valuations and Estimated True Values of Taxable Property - Last Ten
Calendar Years S 14
Property Tax Rates of Direct and Overlapping Governments - Last Ten
Calendar Years S 16
Principal Taxpayers - Tangible Personal Property Tax - Current Year and Nine
Years Ago..... S 18
Principal Taxpayers - Real Estate Tax and Public Utilities Personal Property -
Current Year and Nine Years Ago S 19
Property Tax Levies and Collections - Last Ten Years..... S 20
Ratio of Outstanding Debt By Type - Last Ten Years S 22
Ratios of General Bonded Debt Outstanding - Last Nine Years S 24
Computation of Direct and Overlapping Debt Attributable to Governmental
Activities - Current Year S 27
Debt Limitations - Last Ten Years S 28
Demographic and Economic Statistics - Last Ten Years S 30
Principal Employers - Current Year and Nine Years Ago S 33
School District Employees by Type - Last Ten Years S 34
Operating Indicators - Cost per Pupil - Last Ten Years S 36
Operating Indicators by Function - Last Ten Years S 38
Operating Indicators - Teacher Base Salaries - Last Ten Years..... S 40
Capital Asset Statistics by Building - Last Ten Years S 42
Educational and Operating Statistics - Last Ten Years S 44

INTRODUCTORY SECTION



Heath City School District

Board of Education
Heath City Schools



Office of the Treasurer

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

December 8, 2008

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, 2008 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 1,743 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, 2008*

ECONOMIC CONDITIONS AND OUTLOOK

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

Consistent and modestly paced commercial, industrial, and residential growth continues to favor the City of Heath. Robertson Construction located its service complex and offices on Thornwood Drive, and Samuel Manu-Tech, Boeing, and Uni-Facs all invested significant capital, expanded existing facilities and created a significant number of industrial positions. Other major employers, including Kaiser Aluminum, continued to operate in a solid fashion. A very favorable sign related to industrial growth is that the Port Authority and Mid-Ohio Development were considered as possible sights by several national companies for the re-location of operation centers.

Several new businesses, including the Game Shop, Aspen Fitness Center, Papa Murphy's, Jae's Towing and a new Duke and Duchess convenience-service center opened this year. In addition, construction was completed on the Kroger expansion.

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

The District voters passed a \$1.3 million renewal levy in May 2007 along with an additional \$1.3 million emergency levy that will be in effect for 3 years. As part of its long-term financial planning, the District will be planning for another levy in 2010 when these expire.

MAJOR INITIATIVES

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

During fiscal year 2008, the District focused on the continuing growth in student enrollment. The District's test score performance allowed the Heath City School's to be recognized as an "Effective" district by the Ohio Department of Education. The District completed some small projects during this year which included wrapping the duct work in the auxiliary gym at the High School; begin floor tile replacement in all buildings, blacktop maintenance, and begin interior building painting.

Future: - During the 2008-2009 school year, the primary concentration will continue to focus on test scores. The District is always trying to improve the test scores and regain our "Excellent" rating. This is how our District is compared with other districts. Also, with the newly implemented diagnostic testing program mandated by the state and the "NO CHILD LEFT BEHIND" Act, districts will focus much of their attention to meeting these standards. Future projects include replacing curbs and sidewalks at Stevenson Elementary, and maintenance of the visitors' bleachers at the stadium.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

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

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

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.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

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.

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

Investments are made with the primary objectives of:

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

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

RISK MANAGEMENT -- The District is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The District is also covered under the State Workers' Compensation Fund. The District makes every effort to monitor insurance costs and related risk of accident to ensure proper fiscal management in this area. Detailed information regarding the risk management activities of the District can be found in footnote 14 of the basic financial statements included within the financial section of this report.

OTHER INFORMATION

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

AWARDS -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2007. We believe this, our ninth 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.

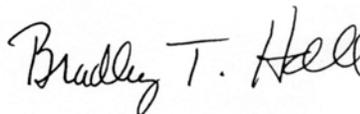
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution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



Thomas F. Forman
Superintendent



Bradley T. Hall
Treasurer

HEATH CITY SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2008

Members of the Board of Education

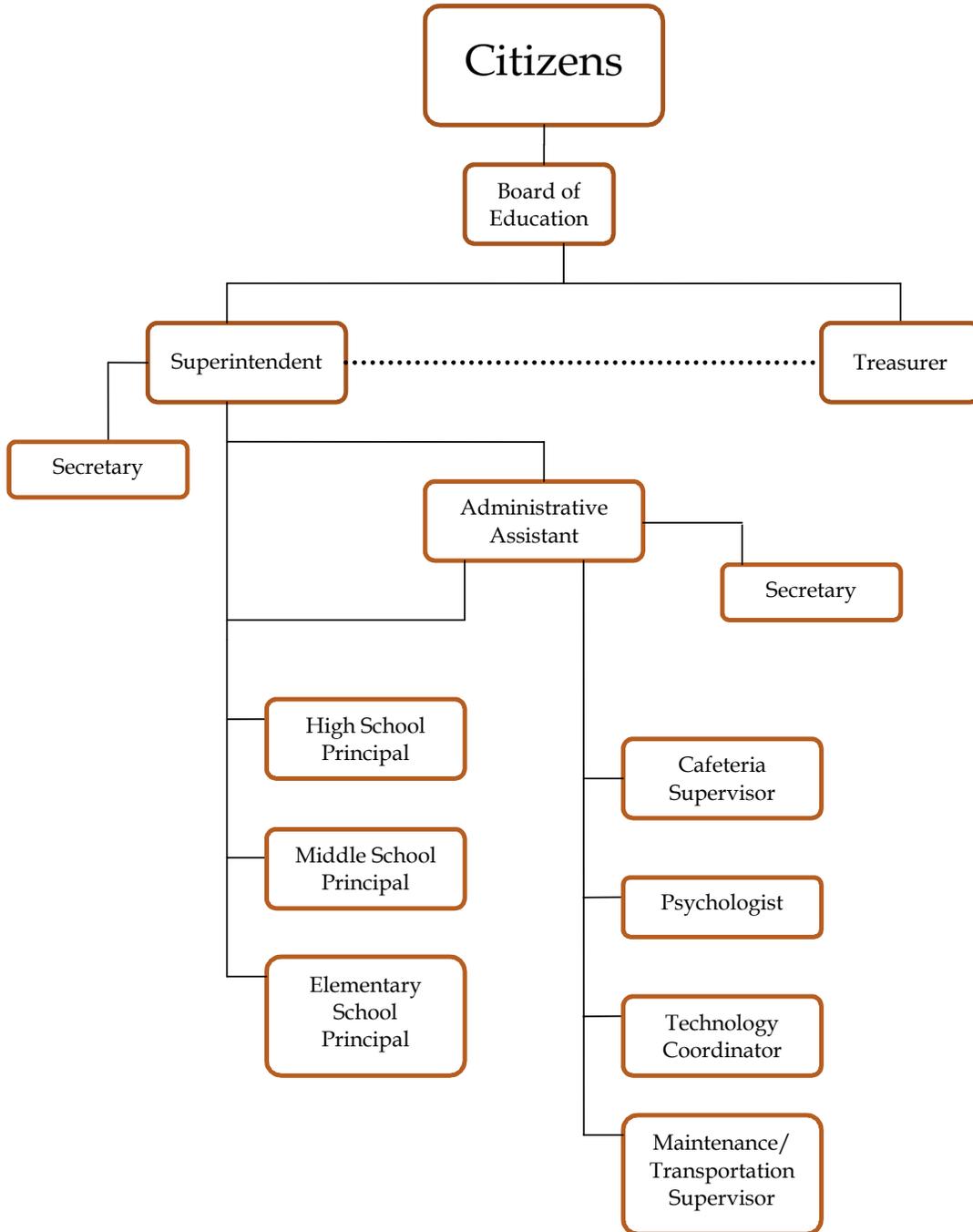
<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Mr. James Roberts	President	11
Mr. James Bowers	Vice president	11
Mr. Gary Wimer	Member	8
Ms. Debbie Kelley	Member	0
Ms. Barbara Meckley	Member	0

Administration

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>	
		<u>Position</u>	<u>Total</u>
Mr. Thomas Forman	Superintendent	3	31
Mr. Bradley T. Hall	Treasurer	13.5	27
Mr. James Forgrave	Assistant Superintendent	2	26

HEATH CITY SCHOOL DISTRICT

*Organizational Chart
For the Fiscal Year Ended June 30, 2008*



HEATH CITY SCHOOL DISTRICT

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

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

Presented to

**Heath City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Charles S. Cox

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION



Heath City School District



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, (the District) as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of June 30, 2008, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

Wilson, Shannon & Snow, Inc.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is 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 tables to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion on them.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 8, 2008

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

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, 2008. 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 2008 are as follows:

- ❑ In total, net assets increased \$841,965, which represents a 20.0% increase from 2007.
- ❑ General revenues accounted for \$15,718,219 in revenue or 91.0% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,554,809 or 9.0% of total revenues of \$17,273,028.
- ❑ The District had \$16,431,063 in expenses related to governmental activities; only \$1,554,809 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$13,696,408 in revenues and \$13,002,562 in expenditures. The general fund's fund balance increased \$673,921 to \$1,837,695.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Unaudited

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

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

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

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

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

Fund Financial Statements

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

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

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

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Assets provides a perspective of the District as a whole. The following table provides a summary of the District's net assets for 2008 compared to 2007:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Current and other assets	\$14,436,300	\$12,353,890	\$2,082,410
Capital assets, Net	17,941,781	18,747,327	(805,546)
Total assets	<u>32,378,081</u>	<u>31,101,217</u>	<u>1,276,864</u>
Long-term debt outstanding	17,375,063	17,812,748	(437,685)
Other liabilities	9,961,022	9,088,438	872,584
Total liabilities	<u>27,336,085</u>	<u>26,901,186</u>	<u>434,899</u>
Net assets			
Invested in capital assets, net of related debt	2,834,908	2,893,470	(58,562)
Restricted	2,367,178	1,801,993	565,185
Unrestricted	<u>(160,090)</u>	<u>(495,432)</u>	<u>335,342</u>
Total net assets	<u><u>\$5,041,996</u></u>	<u><u>\$4,200,031</u></u>	<u><u>\$841,965</u></u>

At year-end for governmental activities, capital assets represented 55% 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, 2008 was \$2,834,908. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net assets, \$2,367,178, represents resources that are subject to external restriction on how they may be used.

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2008 and 2007:

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues:		
Charges for Services and Sales	\$573,994	\$641,754
Operating Grants and Contributions	975,399	849,020
Capital Grants and Contributions	5,416	0
Total Program Revenues	<u>1,554,809</u>	<u>1,490,774</u>
General Revenues:		
Property Taxes	9,279,628	8,576,802
Grants and Entitlements	5,871,413	5,410,791
Other	567,178	578,790
Total General Revenues	<u>15,718,219</u>	<u>14,566,383</u>
Total Revenues	<u>17,273,028</u>	<u>16,057,157</u>
Program Expenses		
Instruction	9,085,543	8,926,735
Support Services:		
Pupils	810,305	799,648
Instructional Staff	378,349	414,699
Board of Education	10,855	9,322
Administration	1,254,840	1,267,292
Fiscal Services	487,384	529,640
Business	44,304	32,881
Operation and Maintenance of Plant	1,353,411	1,398,886
Pupil Transportation	631,807	575,485
Central	250,355	237,093
Operation of Non-Instructional Services:		
Community Services	5,951	6,483
Food Service Operations	560,347	550,878
Extracurricular Activities	616,595	598,363
Interest and Fiscal Charges	941,017	939,196
Total Expenses	<u>16,431,063</u>	<u>16,286,601</u>
Change in Net Assets	841,965	(229,444)
Beginning Net Assets	<u>4,200,031</u>	<u>4,429,475</u>
Ending Net Assets	<u>\$5,041,996</u>	<u>\$4,200,031</u>

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

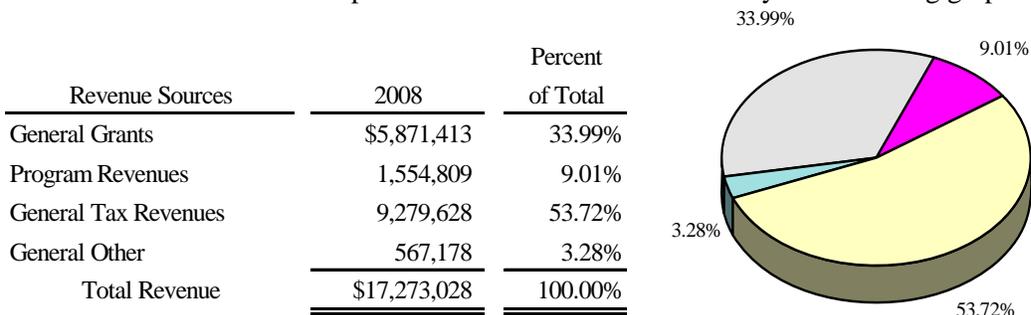
Governmental Activities

Net assets of the District's governmental activities increased by \$841,965. Total governmental expenses of \$16,431,063 were offset by program revenues of \$1,554,809 and general revenues of \$15,718,219. Program revenues supported 9.5% of the total governmental expenses. The primary reason for the increase in net assets is an increase in tax revenue as a result of the passage of an emergency levy, while at the same time maintaining expenses at the previous year's level.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources of general revenue total \$15,151,041 and represent 96.4% of total general revenue.

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

Property taxes made up 54% of revenues for governmental activities for Heath City Schools in fiscal year 2008. The District's reliance upon tax revenues is demonstrated by the following graph:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$3,786,633, which is above last year's total of \$2,765,700. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007	Increase (Decrease)
General	\$1,837,695	\$1,163,774	\$673,921
Bond Retirement	727,939	575,113	152,826
Permanent Improvement	842,187	696,806	145,381
Other Governmental	378,812	330,007	48,805
Total	\$3,786,633	\$2,765,700	\$1,020,933

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Unaudited

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

	2008 <u>Revenues</u>	2007 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$7,625,981	\$7,355,730	\$270,251
Tuition	97,851	132,640	(34,789)
Investment Earnings	89,101	144,060	(54,959)
Intergovernmental - State	5,637,518	5,169,671	467,847
All Other Revenue	245,957	206,545	39,412
Total	<u>\$13,696,408</u>	<u>\$13,008,646</u>	<u>\$687,762</u>

General Fund revenues in 2008 increased approximately 5.3% compared to revenues in fiscal year 2007. The primary factor contributing to this increase is an increase in taxes as a result of the passage of an emergency levy in May 2007 and the reimbursement by the State for personal property taxes that are being phased out by HB 66.

	2008 <u>Expenditures</u>	2007 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Instruction	\$7,956,937	\$7,792,238	\$164,699
Supporting Services:			
Pupils	601,839	577,762	24,077
Instructional Staff	288,281	309,527	(21,246)
Board of Education	10,855	9,322	1,533
Administration	1,211,911	1,233,636	(21,725)
Fiscal Services	454,761	495,164	(40,403)
Business	40,556	12,979	27,577
Operation and Maintenance of Plant	1,258,289	1,364,356	(106,067)
Pupil Transportation	581,873	526,559	55,314
Central	214,478	210,411	4,067
Operation of Non-Instructional Services:			
Food Service Operations	3,246	3,093	153
Extracurricular Activities	281,335	283,212	(1,877)
Capital Outlay	43,290	18,324	24,966
Debt Service:			
Principal Retirement	51,080	48,293	2,787
Interest and Fiscal Charges	3,831	6,618	(2,787)
Total	<u>\$13,002,562</u>	<u>\$12,891,494</u>	<u>\$111,068</u>

The expenditures increased by \$111,068 or 0.9% compared to the prior year. The increase in Instruction was due to increases in salaries and fringe benefits. The decrease in Operation and Maintenance of Plant was due to higher than usual repairs performed in 2007 that had been postponed from earlier years. The increase in Pupil Transportation was due to the purchase of 2 new school busses.

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

Bond Retirement Fund – This fund has remained consistent compared to the prior year with an increase of \$152,826.

Permanent Improvement Fund – The increase in the Permanent Improvement fund resulted from an increase in tax revenue and a decrease in expenditures compared to 2007 when the District spent money on upgrades to the fire alarm and security systems at the schools, a new boiler for Garfield Elementary and finishing the construction of two additional classrooms at Stevenson Elementary.

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of fiscal year 2008 the District amended its General Fund budget several times, the increase of \$4.6 million compared to the original budget was a result of underestimating the expenditures. The General Fund budget basis revenue of \$13.7 million increased compared to the original budget estimates because taxes did not account for the emergency levy that was passed in May 2007.

Actual expenditures compared to the final budget resulted in an overall positive variance due to implementing purchasing practices that resulted in lower costs for goods and services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2008 the District had \$17,941,781 net of accumulated depreciation invested in land, buildings, equipment and vehicles. The following table shows fiscal year 2008 and 2007 balances:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Land	\$438,952	\$438,952	\$0
Land Improvements	2,071,766	2,071,766	0
Buildings and Improvements	21,718,867	21,718,867	0
Machinery and Equipment	1,289,401	1,283,106	6,295
Vehicles	921,287	893,940	27,347
Less: Accumulated Depreciation	(8,498,492)	(7,659,304)	(839,188)
Totals	\$17,941,781	\$18,747,327	(\$805,546)

The primary increase occurred in vehicles. The District traded in two busses for the purchase of three used school busses and traded in a pickup truck for the purchase of two pickup trucks. Additional information on the District's capital assets can be found in Note 9.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Unaudited

Debt

At June 30, 2008, the District had \$17.4 million in general obligation bonds, long-term notes, capital leases and compensated absences outstanding, \$960,782 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2008 and 2007:

	2008	2007
Governmental Activities:		
General Obligation Bonds Payable	\$16,041,800	\$16,448,748
Long-Term Notes Payable	69,000	102,000
Capital Leases Payable	40,234	91,314
Compensated Absences	1,224,029	1,170,686
Totals	<u>\$17,375,063</u>	<u>\$17,812,748</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2008, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

ECONOMIC FACTORS

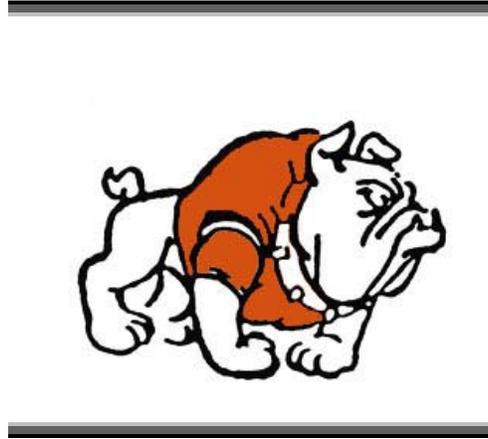
New businesses that opened during fiscal year 2008 included the Game Shop, Aspen Fitness Center, Papa Murphy's, Jae's Towing and the Duke and Duchess convenience-service center. Kroger expanded during fiscal year 2008. Residential growth remained slow, which is reflective of the national average, but surprisingly, slightly outperformed last year. Fourteen single-family homes and 17 condo units were constructed.

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

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

REQUESTS FOR INFORMATION

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



HEATH CITY SCHOOL DISTRICT

Statement of Net Assets ***June 30, 2008***

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 2,789,735
Investments	1,030,592
Receivables:	
Taxes	9,592,778
Intergovernmental	8,679
Interest	5,701
Inventory	15,547
Prepaid Items	31,881
Restricted Assets:	
Cash and Cash Equivalents	759,384
Deferred Charges	202,003
Capital Assets:	
Nondepreciable Capital Assets	438,952
Depreciable Capital Assets, Net	17,502,829
Total Capital Assets, Net	<u>17,941,781</u>
Total Assets	<u><u>32,378,081</u></u>
Liabilities:	
Accounts Payable	32,870
Accrued Wages and Benefits	911,703
Intergovernmental Payable	329,979
Unearned Revenue - Taxes	8,625,040
Early Retirement Incentive Payable	12,345
Accrued Interest Payable	49,085
Long Term Liabilities:	
Due Within One Year	960,782
Due in More Than One Year	16,414,281
Total Liabilities	<u><u>27,336,085</u></u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,834,908
Restricted For:	
Capital Projects	887,090
Debt Service	720,704
Statutory Purposes	759,384
Unrestricted (Deficit)	(160,090)
Total Net Assets	<u><u>\$ 5,041,996</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2008

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction	\$ 9,085,543	\$ 173,950	\$ 516,570	\$ 0	\$ (8,395,023)
Support Services:					
Pupils	810,305	1,907	118,577	0	(689,821)
Instructional Staff	378,349	0	63,950	0	(314,399)
Board of Education	10,855	0	0	0	(10,855)
Administration	1,254,840	0	0	0	(1,254,840)
Fiscal Services	487,384	0	234	0	(487,150)
Business	44,304	0	5,901	0	(38,403)
Operation and Maintenance of Plant	1,353,411	0	0	0	(1,353,411)
Pupil Transportation	631,807	0	0	5,416	(626,391)
Central	250,355	0	14,430	0	(235,925)
Operation of Non-Instructional Services:					
Community Services	5,951	0	5,613	0	(338)
Food Service Operations	560,347	292,224	250,124	0	(17,999)
Extracurricular Activities	616,595	105,913	0	0	(510,682)
Interest and Fiscal Charges	941,017	0	0	0	(941,017)
Total Governmental Activities	\$ 16,431,063	\$ 573,994	\$ 975,399	\$ 5,416	(14,876,254)
General Revenues					
Property Taxes Levied for:					
General Purposes					7,716,065
Debt Service					1,351,190
Capital Outlay					212,373
Grants and Entitlements not Restricted to Specific Programs					5,871,413
Investment Earnings					189,225
Miscellaneous					377,953
Total General Revenues					<u>15,718,219</u>
Change in Net Assets					841,965
Net Assets Beginning of Year					4,200,031
Net Assets End of Year					<u>\$ 5,041,996</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2008

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 837,577	\$ 648,897	\$ 829,085	\$ 474,176	\$ 2,789,735
Investments	1,030,592	0	0	0	1,030,592
Receivables:					
Taxes	8,116,714	1,262,152	213,912	0	9,592,778
Intergovernmental	0	0	0	8,679	8,679
Interest	5,701	0	0	0	5,701
Inventory	0	0	0	15,547	15,547
Prepaid Items	31,881	0	0	0	31,881
Restricted Assets:					
Cash and Cash Equivalents	759,384	0	0	0	759,384
Total Assets	\$ 10,781,849	\$ 1,911,049	\$ 1,042,997	\$ 498,402	\$ 14,234,297
Liabilities:					
Accounts Payable	\$ 29,015	\$ 0	\$ 500	\$ 3,355	\$ 32,870
Accrued Wages and Benefits	828,498	0	0	83,205	911,703
Intergovernmental Payable	305,821	0	0	24,158	329,979
Deferred Revenue - Taxes	7,600,503	1,183,110	200,310	0	8,983,923
Deferred Revenue	3,905	0	0	8,679	12,584
Early Retirement Incentive Payable	12,345	0	0	0	12,345
Compensated Absences Payable	164,067	0	0	193	164,260
Total Liabilities	8,944,154	1,183,110	200,810	119,590	10,447,664
Fund Balances:					
Reserved for Encumbrances	60,838	0	66,635	21,385	148,858
Reserved for Prepaid Items	31,881	0	0	0	31,881
Reserved for Supplies Inventory	0	0	0	15,547	15,547
Reserved for Debt Service	0	664,539	0	0	664,539
Reserved for Property Taxes	384,900	63,400	10,300	0	458,600
Statutory Reserves	759,384	0	0	0	759,384
Unreserved, Designated for Budget Stabilization	10,026	0	0	0	10,026
Unreserved, Undesignated in:					
General Fund	590,666	0	0	0	590,666
Special Revenue Funds	0	0	0	304,652	304,652
Capital Projects Funds	0	0	765,252	37,228	802,480
Total Fund Balances	1,837,695	727,939	842,187	378,812	3,786,633
Total Liabilities and Fund Balances	\$ 10,781,849	\$ 1,911,049	\$ 1,042,997	\$ 498,402	\$ 14,234,297

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2008

Total Governmental Fund Balances	\$ 3,786,633
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	17,941,781
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	371,467
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.	
Long-Term Notes Payable	(69,000)
General Obligation Bonds Payable	(14,818,704)
Deferred Loss on refunding (to be amortized over life of debt)	707,250
Deferred Charge for Issuance Costs (to be amortized over life of debt)	202,003
Issuance Premium (to be amortized over life of debt)	(1,088,188)
Interest Accretion (to be amortized as interest expense)	(842,158)
Capital Leases Payable	(40,234)
Compensated Absences Payable	(1,059,769)
Accrued Interest Payable	(49,085)
	<u>(17,057,885)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 5,041,996</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2008

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local Sources:					
Taxes	\$ 7,625,981	\$ 1,340,328	\$ 210,972	\$ 0	\$ 9,177,281
Tuition	97,851	0	0	0	97,851
Food Services	0	0	0	292,224	292,224
Investment Earnings	89,101	0	79,435	22,674	191,210
Extracurricular Activities	0	0	0	105,913	105,913
Class Materials and Fees	0	0	0	75,699	75,699
Intergovernmental - State	5,637,518	202,138	37,173	58,198	5,935,027
Intergovernmental - Federal	0	0	0	905,022	905,022
All Other Revenue	245,957	0	135	137,593	383,685
Total Revenues	13,696,408	1,542,466	327,715	1,597,323	17,163,912
Expenditures:					
Current:					
Instruction	7,956,937	0	133,425	580,169	8,670,531
Supporting Services:					
Pupils	601,839	0	0	188,493	790,332
Instructional Staff	288,281	0	0	74,013	362,294
Board of Education	10,855	0	0	0	10,855
Administration	1,211,911	0	0	0	1,211,911
Fiscal Services	454,761	23,078	4,098	631	482,568
Business	40,556	0	0	3,748	44,304
Operation and Maintenance of Plant	1,258,289	0	0	3,344	1,261,633
Pupil Transportation	581,873	0	0	0	581,873
Central	214,478	0	0	24,106	238,584
Operation of Non-Instructional Services:					
Community Services	0	0	0	5,951	5,951
Food Service Operations	3,246	0	0	530,080	533,326
Extracurricular Activities	281,335	0	0	167,754	449,089
Capital Outlay	43,290	0	44,811	100	88,201
Debt Service:					
Principal Retirement	51,080	758,000	0	0	809,080
Interest and Fiscal Charges	3,831	608,562	0	0	612,393
Total Expenditures	13,002,562	1,389,640	182,334	1,578,389	16,152,925
Excess (Deficiency) of Revenues Over (Under) Expenditures	693,846	152,826	145,381	18,934	1,010,987

HEATH CITY SCHOOL DISTRICT

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):					
Sale of Capital Assets	75	0	0	0	75
Transfers In	0	0	0	20,000	20,000
Transfers Out	(20,000)	0	0	0	(20,000)
Total Other Financing Sources (Uses)	<u>(19,925)</u>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>75</u>
Net Change in Fund Balances	673,921	152,826	145,381	38,934	1,011,062
Fund Balances at Beginning of Year	1,163,774	575,113	696,806	330,007	2,765,700
Increase in Inventory Reserve	0	0	0	9,871	9,871
Fund Balances End of Year	<u>\$ 1,837,695</u>	<u>\$ 727,939</u>	<u>\$ 842,187</u>	<u>\$ 378,812</u>	<u>\$ 3,786,633</u>

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, 2008***

Net Change in Fund Balances - Total Governmental Funds \$ 1,011,062

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (805,546)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 109,041

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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 809,080

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 2,591

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	37,081	
Interest Accretion	(269,119)	
Amortization of Deferred Loss on Refunding	(117,876)	
Amortization of Deferred Charge for Bond Issuance Costs	(13,163)	
Amortization of Premium on Bond Issuance	68,943	
Change in Inventory	9,871	(284,263)

Change in Net Assets of Governmental Activities **\$ 841,965**

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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 6,857,000	\$ 7,566,500	\$ 7,528,670	\$ (37,830)
Tuition	109,500	98,303	97,851	(452)
Investment Earnings	120,000	120,000	106,085	(13,915)
Intergovernmental - State	5,640,600	5,616,035	5,637,518	21,483
All Other Revenues	207,975	251,780	245,957	(5,823)
Total Revenues	<u>12,935,075</u>	<u>13,652,618</u>	<u>13,616,081</u>	<u>(36,537)</u>
Expenditures:				
Current:				
Instruction	5,661,983	8,194,797	7,925,902	268,895
Support Services:				
Pupils	318,994	656,006	613,968	42,038
Instructional Staff	118,836	277,121	272,350	4,771
Board of Education	2,400	12,699	10,855	1,844
Administration	901,109	1,325,996	1,210,281	115,715
Fiscal Services	395,866	469,920	458,230	11,690
Business	18,000	49,550	42,307	7,243
Operation and Maintenance of Plant	1,285,242	1,657,706	1,411,349	246,357
Pupil Transportation	347,266	629,044	586,805	42,239
Central	248,880	256,181	214,423	41,758
Food Services	3,197	3,272	3,247	25
Extracurricular Activities	16,753	290,260	280,430	9,830
Capital Outlay	0	62,000	51,225	10,775
Total Expenditures	<u>9,318,526</u>	<u>13,884,552</u>	<u>13,081,372</u>	<u>803,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,616,549	(231,934)	534,709	766,643
Other Financing Sources (Uses):				
Sale of Capital Assets	125	125	75	(50)
Transfers Out	0	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	<u>125</u>	<u>(19,875)</u>	<u>(19,925)</u>	<u>(50)</u>
Net Change in Fund Balance	3,616,674	(251,809)	514,784	766,593
Fund Balance at Beginning of Year	1,825,564	1,825,564	1,825,564	0
Prior Year Encumbrances	221,572	221,572	221,572	0
Fund Balance at End of Year	<u>\$ 5,663,810</u>	<u>\$ 1,795,327</u>	<u>\$ 2,561,920</u>	<u>\$ 766,593</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 2,136	\$ 48,647
Total Assets	<u>2,136</u>	<u>48,647</u>
Liabilities:		
Due to Students	0	48,647
Total Liabilities	<u>0</u>	<u>48,647</u>
Net Assets:		
Unrestricted	2,136	0
Total Net Assets	<u>\$ 2,136</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2008

	<u>Private Purpose Trust</u>
	<u>Special Trust Fund</u>
Additions:	
Interest	\$ 147
Total Additions	<u>147</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>100</u>
Total Deductions	<u>100</u>
Change in Net Assets	47
Net Assets at Beginning of Year	<u>2,089</u>
Net Assets End of Year	<u><u>\$ 2,136</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

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 60 noncertified and approximately 113 certified teaching personnel and administrative employees providing education to 1,743 students.

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

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

B. Basis of Presentation - Fund Accounting

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the District:

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

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

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

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

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

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

C. Basis of Presentation and Measurement Focus - Financial Statements

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

D. Basis of Accounting

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2008 operations, have been recorded as unearned revenue. Any grants and entitlements which also may be received before the eligibility requirements are met would also be recorded as unearned revenue. Deferred revenues on the governmental fund financial statements are receivables which will not be collected within the available period.

Current property taxes measurable at June 30, 2008, and which are not intended to finance fiscal 2008 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2008 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

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

E. Budgetary Process

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2008.

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.

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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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)	\$673,921
Increase (Decrease):	
Accrued Revenues	
at June 30, 2008,	
received during FY 2009	(518,007)
Accrued Revenues	
at June 30, 2007,	
received during FY 2008	437,680
Accrued Expenditures	
at June 30, 2008,	
paid during FY 2009	1,339,746
Accrued Expenditures	
at June 30, 2007,	
paid during FY 2008	(1,321,042)
FY 2008 Prepays for FY 2009	(31,881)
Encumbrances Outstanding	<u>(65,633)</u>
Budget Basis	<u>\$514,784</u>

F. Cash and Cash Equivalents

During fiscal year 2008, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

The District has invested funds in the STAR Ohio during 2008. 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, 2008. See Note 5, "Cash, Cash Equivalents and Investments".

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, 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.

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

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	5-20
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
Long-Term Notes Payable	Bond Retirement Fund
Compensated Absences	General Fund, Food Service Fund
Capital Leases Payable	General Fund
Early Retirement Incentive Payable	General Fund

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Statutory Purposes are monies set aside for textbooks and budget stabilization of \$759,384 as required by state statute.

The District policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The District did not have net assets restricted by enabling legislation at June 30, 2008.

N. Pensions

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Activity

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

P. Reservations/Designations of Fund Balance

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

Q. Restricted Assets

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

R. 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.

S. 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 2008. Special items are transactions or events that within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2008, the District had no special items.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

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

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

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

Capital Outlay	\$78,163
Depreciation Expense	(883,709)
	<u>(\$805,546)</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$102,347
Increase in Interest Earnings	6,694
	<u>\$109,041</u>

Amount of bond and lease principal payments:

Bond Principal Payment	\$725,000
Long-term Notes Payable	33,000
Capital Lease Payment	51,080
	<u>\$809,080</u>

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”. The application of these new standards did not have an effect on the financial statements, nor did implementation require a restatement of prior year balances.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equities

The fund deficit at June 30, 2008 of \$2,755 in the Title I Fund (special revenue) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the budgetary basis of accounting.

B. Excess Appropriations over Estimated Revenues

Excess Appropriations over Estimated Revenues - Ohio Revised Code requires that appropriations do not exceed estimated revenues. Appropriations exceeded estimated revenues in the following funds at June 30, 2008:

<u>Fund</u>	<u>Excess</u>
Nonmajor Special Revenue Funds:	
District Managed Student Activity Fund	\$ 308
Title VI-B Fund	4,273
Title V Fund	1,706
Other Federal Grants Fund	1,307

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

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

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

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

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

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

A. Deposits

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

At year end the carrying amount of the District's deposits was \$89,033 and the bank balance was \$157,316. Federal deposit insurance covered \$103,600 of the bank balance and \$53,716 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	\$53,716
Total Balance	\$53,716

B. Investments

The District's investments at June 30, 2008 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u> less than 1
Repurchase Agreements	\$1,736,324	N/A	\$1,736,324
STAR Ohio	1,563,647	AAAm ²	1,563,647
FHLB Bonds	780,000	a Aaa ¹ , AAA ²	780,000
FHLMC Discount Note	214,198	Aaa ¹ , AAA ²	214,198
General Electric Capital Corp	247,292	P-1 ¹ , A-1+ ²	247,292
Total Investments	\$4,541,461		\$4,541,461

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

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

B. Investments (Continued)

¹ Moody's Investor Service

² Standard & Poor's

^a \$150,000 FHLB Bond called on September 3, 2008 and \$125,000 FHLB Bond called on September 18, 2008.

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, 17.2% are FHLB, 4.7% are FHLMC Discount Notes and 5.4% are corporate bonds.

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.

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$3,599,902	\$1,030,592
Certificates of Deposit		
(with maturities of more than 3 months)	3,300	(3,300)
Agency Securities		
(with maturities of less than 3 months)	(214,198)	214,198
Repurchase Agreements	(1,736,324)	1,736,324
STAR Ohio	(1,563,647)	1,563,647
Per GASB Statement No. 3	\$89,033	\$4,541,461

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

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

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

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2008:

Investments (summarized above)	\$4,541,461
Carrying amount of District's deposits	89,033
Fiduciary Funds - Cash and Investments	<u>(50,783)</u>
Total Governmental Activities - Cash and Investments	<u>\$4,579,711</u>

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2008 were levied after April 1, 2007 on assessed values as of January 1, 2007, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 2005. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 6 - PROPERTY TAXES (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2008, upon which the 2007 levies were based, were as follows:

	Assessed Values for Collection in:	
	2007 Second Half	2008 First Half
Agricultural/Residential and Other Real Estate	\$236,780,990	\$243,057,770
Public Utility Personal	6,463,400	5,352,300
Tangible Personal Property	23,227,380	23,843,800
Total Assessed Value	\$266,471,770	\$272,253,870
Tax rate per \$1,000 of assessed valuation	\$49.06	\$54.60

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

NOTE 8 – TRANSFERS

Following is a summary of transfers in and out for all funds for fiscal year 2008:

	Transfer In	Transfer Out
General Fund	\$0	\$20,000
Other Governmental Funds	20,000	0
Totals	\$20,000	\$20,000

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2008:

Historical Cost:

Class	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
<i>Capital Assets not being depreciated:</i>				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	0	0	0	0
Subtotal	<u>438,952</u>	<u>0</u>	<u>0</u>	<u>438,952</u>
<i>Capital Assets being depreciated:</i>				
Land Improvements	2,071,766	0	0	2,071,766
Buildings and Improvements	21,718,867	0	0	21,718,867
Machinery and Equipment	1,283,106	6,295	0	1,289,401
Vehicles	893,940	71,868	(44,521)	921,287
Subtotal	<u>25,967,679</u>	<u>78,163</u>	<u>(44,521)</u>	<u>26,001,321</u>
Total Cost	<u>\$26,406,631</u>	<u>\$78,163</u>	<u>(\$44,521)</u>	<u>\$26,440,273</u>

Accumulated Depreciation:

Class	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Land Improvements	(\$783,601)	(\$88,148)	\$0	(\$871,749)
Buildings and Improvements	(5,486,707)	(651,252)	0	(6,137,959)
Furniture, Fixtures and Equipment	(794,243)	(77,499)	0	(871,742)
Vehicles	(594,753)	(66,810)	44,521	(617,042)
Total Depreciation	<u>(\$7,659,304)</u>	<u>(\$883,709) *</u>	<u>\$44,521</u>	<u>(\$8,498,492)</u>
<i>Net Value:</i>	<u>\$18,747,327</u>			<u>\$17,941,781</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$455,775
Support Services:	
Pupils	18,469
Instructional Staff	25,668
Administration	36,489
Fiscal Services	361
Operations and Maintenance of Plant	55,632
Pupil Transportation	76,350
Central	11,440
Operation of Non-Instructional Services:	
Food Service	36,019
Extracurricular Activities	167,506
Total Depreciation Expense	<u>\$883,709</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$157,947, \$168,360 and \$149,545 respectively, which were equal to the required contributions for each year.

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$856,236, \$857,632, and \$832,349 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2008 were \$15,690 made by the District and \$19,641 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

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 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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, 2008, 2007, and 2006 were \$99,616, \$85,841, and \$81,804 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$11,380, \$11,448, and \$11,903 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 11 - POSTEMPLOYMENT BENEFITS

B. State Teachers Retirement System (Continued)

Funding Policy – Ohio law 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 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$65,865, \$65,972, and \$64,027 respectively; which were equal to the required contributions for each year.

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

The original amount of the Long-Term Notes Payable of \$164,000 was used to purchase a school bus. The original amounts of the General Obligation Bonds Payable of \$993,350, and \$16,248,718, were used to finance the cost of various building renovations and the cost of building a new high school and other building additions. The original amounts of the General Obligation Bonds Payable of \$9,999,987, and \$2,494,999 were used to partially refund the \$16,248,718 bond.

Detail of the changes in the notes, bonds, capital leases payable and compensated absences of the District for the year ended June 30, 2008 is as follows:

		Balance June 30, 2007	Issued	Retired	Balance June 30, 2008	Due Within One Year
Governmental Activities:						
Long-Term Notes Payable:						
School Bus Purchase	3.77%	\$102,000	\$0	(\$33,000)	\$69,000	\$34,000
Total Long-Term Notes Payable		102,000	0	(33,000)	69,000	34,000
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	965,000	0	(5,000)	960,000	5,000
School Improvement Bonds	4.35-5.6%	2,433,718	0	(540,000)	1,893,718	565,000
School Improvement Bonds-Refunding	2.75-4.2%	9,724,987	0	(140,000)	9,584,987	75,000
School Improvement Bonds-Refunding	3.6-4%	2,419,999	0	(40,000)	2,379,999	40,000
Subtotal General Obligation Bonds Payable		15,543,704	0	(725,000)	14,818,704	685,000
Premium on Refunding Bonds		1,157,131	0	(68,943)	1,088,188	0
Deferred Loss on Refunding		(825,126)	0	117,876	(707,250)	0
Interest Accretion		573,039	269,119	0	842,158	0
Total General Obligation Bonds Payable		16,448,748	269,119	(676,067)	16,041,800	685,000
Capital Leases		91,314	0	(51,080)	40,234	40,234
Compensated Absences		1,170,686	152,587	(99,244)	1,224,029	201,548
Total Governmental Activities		\$17,812,748	\$421,706	(\$859,391)	\$17,375,063	\$960,782

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2008, follows:

Years	Long-Term Notes Payable		General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$34,000	\$2,601	\$685,000	\$573,832	\$40,234	\$950
2010	35,000	1,320	740,000	541,072	0	0
2011	0	0	770,000	506,133	0	0
2012	0	0	449,999	850,942	0	0
2013	0	0	288,066	1,096,070	0	0
2014-2018	0	0	3,610,652	3,373,464	0	0
2019-2023	0	0	2,959,987	3,956,791	0	0
2024-2028	0	0	5,315,000	514,421	0	0
Totals	\$69,000	\$3,921	\$14,818,704	\$11,412,725	\$40,234	\$950

B. Defeased Debt

In October 2005 and May 2006, the District refunded \$10,000,000 and \$2,495,000 of General Obligation Bonds for School Improvement Series 2000A, dated August 15, 2000, through the issuance of \$9,999,987 and \$2,494,999 of General Obligation Bonds. The net proceeds of the 2005 and 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$12,495,000 at June 30, 2008, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 13 - CAPITALIZED LEASES

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

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2008:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2009	<u>\$41,184</u>
Minimum Lease Payments	41,184
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(950)</u>
Present Value of minimum lease payments	<u><u>\$40,234</u></u>

NOTE 14 - RISK MANAGEMENT

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

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

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

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts for textbook and capital acquisition into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget		Total
			Stabilization Designation	Reserve	
Set-aside Cash Balance as of June 30, 2007	\$451,376	(\$2,498,231)	\$10,026	\$67,516	(\$1,969,313)
Current Year Additions	258,576	258,576	0	0	517,152
Current Year Disbursements	(18,084)	(115,336)	0	0	(133,420)
Set-aside Balance at June 30, 2008	\$691,868	(\$2,354,991)	\$10,026	\$67,516	(\$1,585,581)
Balance Carried Forward to FY2009	\$691,868	(\$2,354,991)	\$10,026	\$67,516	(\$1,585,581)
Restricted Cash Balance at June 30, 2008	\$691,868	\$0	\$0	\$67,516	\$759,384

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 15 – STATUTORY RESERVES (Continued)

The District had qualifying disbursements in past years that reduced the set-aside amounts below zero for the Capital Acquisition Reserve and this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The amount restricted for budget stabilization and textbook reserves is \$759,384 and the amount designated for budget stabilization is \$10,026.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

Licking Area Computer Association - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$99,078 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Cory Thompson, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

B. Educational Regional Service System Region 11

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 17 – CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

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, 2008.

HEATH CITY SCHOOL DISTRICT

C*OMBINING AND ***INDIVIDUAL ***F***UND
STATEMENTS AND ***S***CHEDULES**

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.

Rotary Fund

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

Public School Support Fund

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

Other Grants Fund

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

District Managed Student Activity Fund

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

Auxiliary Services Fund

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

Management Information System Fund

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

Data Communication Fund

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

(Continued)

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

SchoolNet Professional Development Fund

To account for professional development subsidy grants.

Interactive Video Distance Learning Grant Fund

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

OhioReads Fund

To account for grant monies to be used for improving reading outcomes, especially on the fourth grade reading proficiency test and for operating expenditures associated with administering the program. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities and there was no activity during the year.)

Other State Grants Fund

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

Title VI-B Fund

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

Vocational Education Fund

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

Title I Fund

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

Title V Fund

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

Drug Free Grant Fund

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

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

Telecommunications Fund

To account for revenues paid to the district for telecommunication services. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Improving Teacher Quality Fund

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

Other Federal Grants Fund

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

Capital Projects Funds

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

Building Fund

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

Vocational Education Equipment Fund

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

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 436,948	\$ 37,228	\$ 474,176
Receivables:			
Intergovernmental	8,679	0	8,679
Inventory	15,547	0	15,547
Total Assets	\$ 461,174	\$ 37,228	\$ 498,402
Liabilities:			
Accounts Payable	\$ 3,355	\$ 0	\$ 3,355
Accrued Wages and Benefits	83,205	0	83,205
Intergovernmental Payable	24,158	0	24,158
Deferred Revenue	8,679	0	8,679
Compensated Absences Payable	193	0	193
Total Liabilities	119,590	0	119,590
Fund Balances:			
Reserved for Encumbrances	21,385	0	21,385
Reserved for Supplies Inventory	15,547	0	15,547
Unreserved, Undesignated in:			
Special Revenue Funds	304,652	0	304,652
Capital Projects Funds	0	37,228	37,228
Total Fund Balances	341,584	37,228	378,812
Total Liabilities and Fund Balances	\$ 461,174	\$ 37,228	\$ 498,402

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Local Sources:			
Food Services	\$ 292,224	\$ 0	\$ 292,224
Investment Earnings	7,598	15,076	22,674
Extracurricular Activities	105,913	0	105,913
Class Materials and Fees	75,699	0	75,699
Intergovernmental - State	58,198	0	58,198
Intergovernmental - Federal	905,022	0	905,022
All Other Revenue	137,593	0	137,593
Total Revenue	1,582,247	15,076	1,597,323
Expenditures:			
Current:			
Instruction	580,169	0	580,169
Supporting Services:			
Pupils	188,493	0	188,493
Instructional Staff	74,013	0	74,013
Fiscal Services	631	0	631
Business	3,748	0	3,748
Operation and Maintenance of Plant	0	3,344	3,344
Central	24,106	0	24,106
Operation of Non-Instructional Services:			
Community Services	5,951	0	5,951
Food Service Operations	530,080	0	530,080
Extracurricular Activities	167,754	0	167,754
Capital Outlay	0	100	100
Total Expenditures	1,574,945	3,444	1,578,389
Excess (Deficiency) of Revenues			
Over Expenditures	7,302	11,632	18,934
Other Financing Sources (Uses):			
Transfers In	20,000	0	20,000
Total Other Financing Sources (Uses)	20,000	0	20,000
Net Change in Fund Balance	27,302	11,632	38,934
Fund Balances at Beginning of Year	304,411	25,596	330,007
Increase in Inventory Reserve	9,871	0	9,871
Fund Balances End of Year	\$ 341,584	\$ 37,228	\$ 378,812

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008***

	Food Service	Uniform School Supply	Rotary	Public School Support	Other Grants
Assets:					
Cash and Cash Equivalents	\$ 131,357	\$ 48,671	\$ 10,955	\$ 81,824	\$ 7,000
Receivables:					
Intergovernmental	0	0	0	0	0
Inventory	15,547	0	0	0	0
Total Assets	\$ 146,904	\$ 48,671	\$ 10,955	\$ 81,824	\$ 7,000
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,956	\$ 0
Accrued Wages and Benefits	22,916	0	0	0	0
Intergovernmental Payable	23,728	0	0	0	0
Deferred Revenue	0	0	0	0	0
Compensated Absences Payable	193	0	0	0	0
Total Liabilities	46,837	0	0	1,956	0
Fund Balances:					
Reserved for Encumbrances	0	2,557	0	1,536	853
Reserved for Supplies Inventory	15,547	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	84,520	46,114	10,955	78,332	6,147
Total Fund Balances (Deficit)	100,067	48,671	10,955	79,868	7,000
Total Liabilities and Fund Balances	\$ 146,904	\$ 48,671	\$ 10,955	\$ 81,824	\$ 7,000

HEATH CITY SCHOOL DISTRICT

District Managed Student Activity	Auxiliary Services	Management Information System	Data Communication	SchoolNet Professional Development	Interactive Video Distance Learning Grant
\$ 18,286	\$ 3,075	\$ 8,249	\$ 28,371	\$ 15,058	\$ 101
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 18,286</u>	<u>\$ 3,075</u>	<u>\$ 8,249</u>	<u>\$ 28,371</u>	<u>\$ 15,058</u>	<u>\$ 101</u>
\$ 694	\$ 185	\$ 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
<u>694</u>	<u>185</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16,389	0	50	0	0	0
0	0	0	0	0	0
1,203	2,890	8,199	28,371	15,058	101
<u>17,592</u>	<u>2,890</u>	<u>8,249</u>	<u>28,371</u>	<u>15,058</u>	<u>101</u>
<u>\$ 18,286</u>	<u>\$ 3,075</u>	<u>\$ 8,249</u>	<u>\$ 28,371</u>	<u>\$ 15,058</u>	<u>\$ 101</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008***

	Other State Grants	Title VI-B	Vocational Education	Title I	Title V
Assets:					
Cash and Cash Equivalents	\$ 14,155	\$ 35,830	\$ 396	\$ 25,756	\$ 911
Receivables:					
Intergovernmental	0	4,273	0	0	1,707
Inventory	0	0	0	0	0
Total Assets	\$ 14,155	\$ 40,103	\$ 396	\$ 25,756	\$ 2,618
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	32,039	0	28,250	0
Intergovernmental Payable	0	169	0	261	0
Deferred Revenue	0	4,273	0	0	1,707
Compensated Absences Payable	0	0	0	0	0
Total Liabilities	0	36,481	0	28,511	1,707
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	14,155	3,622	396	(2,755)	911
Total Fund Balances (Deficit)	14,155	3,622	396	(2,755)	911
Total Liabilities and Fund Balances	\$ 14,155	\$ 40,103	\$ 396	\$ 25,756	\$ 2,618

HEATH CITY SCHOOL DISTRICT

Drug Free Grant	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 342	\$ 6,446	\$ 165	\$ 436,948
0	1,393	1,306	8,679
0	0	0	15,547
\$ 342	\$ 7,839	\$ 1,471	\$ 461,174
\$ 0	\$ 520	\$ 0	\$ 3,355
0	0	0	83,205
0	0	0	24,158
0	1,393	1,306	8,679
0	0	0	193
0	1,913	1,306	119,590
0	0	0	21,385
0	0	0	15,547
342	5,926	165	304,652
342	5,926	165	341,584
\$ 342	\$ 7,839	\$ 1,471	\$ 461,174

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, 2008

	Food Service	Uniform School Supply	Rotary	Public School Support	Other Grants
Revenues:					
Local Sources:					
Food Services	\$ 292,224	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	5,325	0	392	0	0
Extracurricular Activities	0	0	0	0	0
Class Materials and Fees	0	75,699	0	0	0
Intergovernmental - State	5,392	0	0	0	0
Intergovernmental - Federal	244,732	0	0	0	0
All Other Revenue	9,151	0	7,891	67,783	3,500
Total Revenue	556,824	75,699	8,283	67,783	3,500
Expenditures:					
Current:					
Instruction	0	83,394	7,385	0	4,838
Supporting Services:					
Pupils	0	0	0	60,723	0
Instructional Staff	0	0	0	2,869	0
Fiscal Services	0	0	465	0	0
Business	0	0	0	0	0
Central	0	0	0	6,764	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Food Service Operations	530,080	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	530,080	83,394	7,850	70,356	4,838
Excess (Deficiency) of Revenues					
Over Expenditures	26,744	(7,695)	433	(2,573)	(1,338)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	26,744	(7,695)	433	(2,573)	(1,338)
Fund Balances at Beginning of Year	63,452	56,366	10,522	82,441	8,338
Increase in Inventory Reserve	9,871	0	0	0	0
Fund Balances End of Year	\$ 100,067	\$ 48,671	\$ 10,955	\$ 79,868	\$ 7,000

HEATH CITY SCHOOL DISTRICT

District Managed Student Activity	Auxiliary Services	Management Information System	Data Communication	SchoolNet Professional Development	Interactive Video Distance Learning Grant
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,881	0	0	0	0	0
105,913	0	0	0	0	0
0	0	0	0	0	0
0	5,847	5,901	12,000	15,058	0
0	0	0	0	0	0
49,268	0	0	0	0	0
<u>157,062</u>	<u>5,847</u>	<u>5,901</u>	<u>12,000</u>	<u>15,058</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	166	0	0	0	0
0	0	3,748	0	0	0
0	0	0	0	2,594	0
0	5,951	0	0	0	0
0	0	0	0	0	0
167,754	0	0	0	0	0
<u>167,754</u>	<u>6,117</u>	<u>3,748</u>	<u>0</u>	<u>2,594</u>	<u>0</u>
(10,692)	(270)	2,153	12,000	12,464	0
<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
9,308	(270)	2,153	12,000	12,464	0
8,284	3,160	6,096	16,371	2,594	101
0	0	0	0	0	0
<u>\$ 17,592</u>	<u>\$ 2,890</u>	<u>\$ 8,249</u>	<u>\$ 28,371</u>	<u>\$ 15,058</u>	<u>\$ 101</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2008

	Other State Grants	Title VI-B	Vocational Education	Title I	Title V
Revenues:					
Local Sources:					
Food Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Class Materials and Fees	0	0	0	0	0
Intergovernmental - State	14,000	0	0	0	0
Intergovernmental - Federal	0	354,028	0	256,686	7,160
All Other Revenue	0	0	0	0	0
Total Revenue	14,000	354,028	0	256,686	7,160
Expenditures:					
Current:					
Instruction	1,745	217,094	0	253,719	6,753
Supporting Services:					
Pupils	4,428	107,954	0	0	0
Instructional Staff	0	38,136	0	5,584	0
Fiscal Services	0	0	0	0	0
Business	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Food Service Operations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	6,173	363,184	0	259,303	6,753
Excess (Deficiency) of Revenues					
Over Expenditures	7,827	(9,156)	0	(2,617)	407
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	7,827	(9,156)	0	(2,617)	407
Fund Balances at Beginning of Year	6,328	12,778	396	(138)	504
Increase in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ 14,155	\$ 3,622	\$ 396	\$ (2,755)	\$ 911

HEATH CITY SCHOOL DISTRICT

Drug Free Grant	Telecom- munications	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 292,224
0	0	0	0	7,598
0	0	0	0	105,913
0	0	0	0	75,699
0	0	0	0	58,198
16,174	0	24,996	1,246	905,022
0	0	0	0	137,593
<u>16,174</u>	<u>0</u>	<u>24,996</u>	<u>1,246</u>	<u>1,582,247</u>
744	0	0	4,497	580,169
15,388	0	0	0	188,493
0	0	25,309	2,115	74,013
0	0	0	0	631
0	0	0	0	3,748
0	14,748	0	0	24,106
0	0	0	0	5,951
0	0	0	0	530,080
0	0	0	0	167,754
<u>16,132</u>	<u>14,748</u>	<u>25,309</u>	<u>6,612</u>	<u>1,574,945</u>
42	(14,748)	(313)	(5,366)	7,302
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
42	(14,748)	(313)	(5,366)	27,302
300	14,748	6,239	5,531	304,411
0	0	0	0	9,871
<u>\$ 342</u>	<u>\$ 0</u>	<u>\$ 5,926</u>	<u>\$ 165</u>	<u>\$ 341,584</u>

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008***

	<u>Building</u>	<u>Vocational Education Equipment</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 36,630	\$ 598	\$ 37,228
Total Assets	<u>\$ 36,630</u>	<u>\$ 598</u>	<u>\$ 37,228</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Unreserved, Undesignated in:			
Capital Projects Funds	36,630	598	37,228
Total Fund Balances	<u>36,630</u>	<u>598</u>	<u>37,228</u>
Total Liabilities and Fund Balances	<u>\$ 36,630</u>	<u>\$ 598</u>	<u>\$ 37,228</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, 2008***

	<u>Building</u>	<u>Vocational Education Equipment</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Local Sources:			
Investment Earnings	\$ 15,076	\$ 0	\$ 15,076
Total Revenue	<u>15,076</u>	<u>0</u>	<u>15,076</u>
Expenditures:			
Current:			
Supporting Services:			
Operation and Maintenance of Plant	3,344	0	3,344
Capital Outlay	100	0	100
Total Expenditures	<u>3,444</u>	<u>0</u>	<u>3,444</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,632	0	11,632
Fund Balances at Beginning of Year	<u>24,998</u>	<u>598</u>	<u>25,596</u>
Fund Balances End of Year	<u>\$ 36,630</u>	<u>\$ 598</u>	<u>\$ 37,228</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund – Bond Retirement Fund
For the Fiscal Year Ended June 30, 2008***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,323,350	\$ 1,323,186	\$ (164)
Intergovernmental - State	271,705	202,138	(69,567)
Total Revenues	1,595,055	1,525,324	(69,731)
Expenditures:			
Current:			
Support Services:			
Fiscal Services	23,500	23,078	422
Total Support Services	23,500	23,078	422
Debt Service:			
Principal Retirement	773,000	758,000	15,000
Interest and Fiscal Charges	640,357	608,562	31,795
Total Debt Service	1,413,357	1,366,562	46,795
Total Expenditures	1,436,857	1,389,640	47,217
Excess (Deficiency) of Revenues Over (Under) Expenditures	158,198	135,684	(22,514)
Fund Balance at Beginning of Year	513,213	513,213	0
Fund Balance at End of Year	\$ 671,411	\$ 648,897	\$ (22,514)

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Fund – Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2008***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Taxes	\$ 189,550	\$ 219,170	\$ 29,620
Investment Earnings	67,000	79,435	12,435
Intergovernmental - State	47,535	37,173	(10,362)
All Other Revenues	135	135	0
Total Revenues	304,220	335,913	31,693
Expenditures:			
Instructional Services	274,156	201,415	72,741
Support Services:			
Fiscal Services	4,210	4,098	112
Capital Outlay	101,482	44,311	57,171
Total Expenditures	379,848	249,824	130,024
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,628)	86,089	161,717
Fund Balance at Beginning of Year	573,424	573,424	0
Prior Year Encumbrances	102,437	102,437	0
Fund Balance at End of Year	\$ 600,233	\$ 761,950	\$ 161,717

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, 2008***

FOOD SERVICE FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Food Services	\$ 292,319	\$ 292,224	\$ (95)
Investment Earnings	5,700	5,325	(375)
Intergovernmental - State	5,500	5,392	(108)
Intergovernmental - Federal	173,396	193,221	19,825
All Other Revenues	9,155	9,151	(4)
Total Revenues	486,070	505,313	19,243
Expenditures:			
Non-Instructional Services:			
Food Service Operations	525,459	479,721	45,738
Total Expenditures	525,459	479,721	45,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,389)	25,592	64,981
Fund Balance at Beginning of Year	102,630	102,630	0
Prior Year Encumbrances	3,135	3,135	0
Fund Balance at End of Year	\$ 66,376	\$ 131,357	\$ 64,981

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, 2008***

UNIFORM SCHOOL SUPPLY FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Class Materials and Fees	\$ 76,114	\$ 75,699	\$ (415)
Total Revenues	<u>76,114</u>	<u>75,699</u>	<u>(415)</u>
Expenditures:			
Instructional Services	122,490	85,951	36,539
Total Expenditures	<u>122,490</u>	<u>85,951</u>	<u>36,539</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,376)	(10,252)	36,124
Fund Balance at Beginning of Year	51,343	51,343	0
Prior Year Encumbrances	5,023	5,023	0
Fund Balance at End of Year	<u>\$ 9,990</u>	<u>\$ 46,114</u>	<u>\$ 36,124</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, 2008***

ROTARY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 400	\$ 392	\$ (8)
All Other Revenues	7,920	7,891	(29)
Total Revenues	8,320	8,283	(37)
Expenditures:			
Instructional Services	15,670	7,385	8,285
Support Services			
Pupils	50	0	50
Fiscal Services	620	585	35
Total Expenditures	16,340	7,970	8,370
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,020)	313	8,333
Fund Balance at Beginning of Year	10,522	10,522	0
Prior Year Encumbrances	120	120	0
Fund Balance at End of Year	\$ 2,622	\$ 10,955	\$ 8,333

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, 2008***

PUBLIC SCHOOL SUPPORT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 66,280	\$ 67,783	\$ 1,503
Total Revenues	66,280	67,783	1,503
Expenditures:			
Support Services:			
Pupils	119,865	61,260	58,605
Instructional Staff	3,360	2,869	491
Central	12,568	10,264	2,304
Total Expenditures	135,793	74,393	61,400
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,513)	(6,610)	62,903
Fund Balance at Beginning of Year	71,268	71,268	0
Prior Year Encumbrances	12,131	12,131	0
Fund Balance at End of Year	\$ 13,886	\$ 76,789	\$ 62,903

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, 2008***

OTHER GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 6,747	\$ 3,500	\$ (3,247)
Total Revenues	6,747	3,500	(3,247)
Expenditures:			
Instructional Services	10,237	5,971	4,266
Support Services:			
Pupils	795	0	795
Fiscal Services	1,000	0	1,000
Total Expenditures	12,032	5,971	6,061
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,285)	(2,471)	2,814
Fund Balance at Beginning of Year	5,371	5,371	0
Prior Year Encumbrances	3,247	3,247	0
Fund Balance at End of Year	\$ 3,333	\$ 6,147	\$ 2,814

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, 2008***

DISTRICT MANAGED STUDENT ACTIVITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 2,100	\$ 1,881	\$ (219)
Extracurricular Activities	105,860	105,913	53
All Other Revenues	49,280	49,268	(12)
Total Revenues	157,240	157,062	(178)
Expenditures:			
Extracurricular Activities	186,123	183,755	2,368
Total Expenditures	186,123	183,755	2,368
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,883)	(26,693)	2,190
Other Financing Sources (Uses):			
Transfers In	20,000	20,000	0
Total Other Financing Sources (Uses)	20,000	20,000	0
Net Change in Fund Balance	(8,883)	(6,693)	2,190
Fund Balance at Beginning of Year	1,372	1,372	0
Prior Year Encumbrances	7,203	7,203	0
Fund Balance at End of Year	\$ (308)	\$ 1,882	\$ 2,190

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, 2008***

AUXILIARY SERVICES FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 6,100	\$ 5,847	\$ (253)
Total Revenues	<u>6,100</u>	<u>5,847</u>	<u>(253)</u>
Expenditures:			
Support Services:			
Fiscal Services	166	166	0
Community Services	<u>8,322</u>	<u>6,954</u>	<u>1,368</u>
Total Expenditures	<u>8,488</u>	<u>7,120</u>	<u>1,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,388)	(1,273)	1,115
Fund Balance at Beginning of Year	185	185	0
Prior Year Encumbrances	<u>4,163</u>	<u>4,163</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,960</u>	<u>\$ 3,075</u>	<u>\$ 1,115</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, 2008***

MANAGEMENT INFORMATION SYSTEM FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 5,905	\$ 5,901	\$ (4)
Total Revenues	5,905	5,901	(4)
Expenditures:			
Support Services:			
Business	6,089	3,798	2,291
Total Expenditures	6,089	3,798	2,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(184)	2,103	2,287
Fund Balance at Beginning of Year	2,297	2,297	0
Prior Year Encumbrances	3,799	3,799	0
Fund Balance at End of Year	\$ 5,912	\$ 8,199	\$ 2,287

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, 2008*

DATA COMMUNICATION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 12,000	\$ 12,000	\$ 0
Total Revenues	12,000	12,000	0
Expenditures:			
Support Services:			
Business	12,000	0	12,000
Total Expenditures	12,000	0	12,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	12,000	12,000
Fund Balance at Beginning of Year	16,371	16,371	0
Fund Balance at End of Year	\$ 16,371	\$ 28,371	\$ 12,000

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, 2008***

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 15,058	\$ 15,058	\$ 0
Total Revenues	<u>15,058</u>	<u>15,058</u>	<u>0</u>
Expenditures:			
Instructional Services	12,628	0	12,628
Support Services:			
Central	<u>5,024</u>	<u>2,594</u>	<u>2,430</u>
Total Expenditures	<u>17,652</u>	<u>2,594</u>	<u>15,058</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,594)	12,464	15,058
Fund Balance at Beginning of Year	2,468	2,468	0
Prior Year Encumbrances	<u>126</u>	<u>126</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 15,058</u>	<u>\$ 15,058</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, 2008***

INTERACTIVE VIDEO DISTANCE LEARNING GRANT FUND

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

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

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

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

OTHER STATE GRANTS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 14,000	\$ 14,000	\$ 0
Total Revenues	14,000	14,000	0
Expenditures:			
Instructional Services	11,465	1,745	9,720
Support Services:			
Pupils	8,863	4,428	4,435
Total Expenditures	20,328	6,173	14,155
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,328)	7,827	14,155
Fund Balance at Beginning of Year	6,328	6,328	0
Fund Balance at End of Year	\$ 0	\$ 14,155	\$ 14,155

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, 2008***

TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 396,045	\$ 396,045	\$ 0
Total Revenues	396,045	396,045	0
Expenditures:			
Instructional Services	238,789	210,870	27,919
Support Services:			
Pupils	119,844	107,660	12,184
Instructional Staff	43,285	43,285	0
Total Expenditures	401,918	361,815	40,103
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,873)	34,230	40,103
Fund Balance at Beginning of Year	1,600	1,600	0
Fund Balance at End of Year	\$ (4,273)	\$ 35,830	\$ 40,103

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, 2008***

VOCATIONAL EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Instructional Services	250	0	250
Total Expenditures	250	0	250
Excess (Deficiency) of Revenues Over (Under) Expenditures	(250)	0	250
Fund Balance at Beginning of Year	396	396	0
Fund Balance at End of Year	<u>\$ 146</u>	<u>\$ 396</u>	<u>\$ 250</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, 2008***

TITLE I FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 272,359	\$ 272,359	\$ 0
Total Revenues	272,359	272,359	0
Expenditures:			
Instructional Services	266,775	241,019	25,756
Support Services:			
Instructional Staff	5,584	5,584	0
Total Expenditures	272,359	246,603	25,756
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	25,756	25,756
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 25,756	\$ 25,756

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, 2008***

TITLE V FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 7,160	\$ 7,160	\$ 0
Total Revenues	7,160	7,160	0
Expenditures:			
Instructional Services	9,370	6,753	2,617
Total Expenditures	9,370	6,753	2,617
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,210)	407	2,617
Fund Balance at Beginning of Year	439	439	0
Prior Year Encumbrances	65	65	0
Fund Balance at End of Year	\$ (1,706)	\$ 911	\$ 2,617

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, 2008***

DRUG FREE GRANT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 16,174	\$ 16,174	\$ 0
Total Revenues	16,174	16,174	0
Expenditures:			
Instructional Services	800	744	56
Support Services:			
Instructional Staff	15,674	15,388	286
Total Expenditures	16,474	16,132	342
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300)	42	342
Fund Balance at Beginning of Year	300	300	0
Fund Balance at End of Year	\$ 0	\$ 342	\$ 342

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, 2008***

TELECOMMUNICATIONS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Support Services:			
Central	14,748	14,748	0
Total Expenditures	<u>14,748</u>	<u>14,748</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,748)	(14,748)	0
Fund Balance at Beginning of Year	<u>14,748</u>	<u>14,748</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

IMPROVING TEACHER QUALITY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 26,389	\$ 24,996	\$ (1,393)
Total Revenues	<u>26,389</u>	<u>24,996</u>	<u>(1,393)</u>
Expenditures:			
Support Services:			
Instructional Staff	<u>32,728</u>	<u>25,409</u>	<u>7,319</u>
Total Expenditures	<u>32,728</u>	<u>25,409</u>	<u>7,319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,339)	(413)	5,926
Fund Balance at Beginning of Year	5,860	5,860	0
Prior Year Encumbrances	<u>479</u>	<u>479</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 5,926</u>	<u>\$ 5,926</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, 2008***

OTHER FEDERAL GRANTS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 1,868	\$ 1,868	\$ 0
Total Revenues	1,868	1,868	0
Expenditures:			
Instructional Services	4,497	4,497	0
Support Services:			
Instructional Staff	3,587	2,115	1,472
Total Expenditures	8,084	6,612	1,472
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,216)	(4,744)	1,472
Fund Balance at Beginning of Year	4,909	4,909	0
Fund Balance at End of Year	\$ (1,307)	\$ 165	\$ 1,472

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, 2008***

BUILDING FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 15,000	\$ 15,076	\$ 76
Total Revenues	<u>15,000</u>	<u>15,076</u>	<u>76</u>
Expenditures:			
Supporting Services:			
Operation and Maintenance of Plant Services	5,000	3,344	1,656
Capital Outlay	<u>100</u>	<u>100</u>	<u>0</u>
Total Expenditures	<u>5,100</u>	<u>3,444</u>	<u>1,656</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,900	11,632	1,732
Fund Balance at Beginning of Year	<u>24,998</u>	<u>24,998</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 34,898</u>	<u>\$ 36,630</u>	<u>\$ 1,732</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, 2008***

VOCATIONAL EDUCATION EQUIPMENT FUND

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



HEATH CITY SCHOOL DISTRICT

Fiduciary Fund

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

Agency Fund

Student Managed Activity Fund

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

HEATH CITY SCHOOL DISTRICT

***Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2008***

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<i>Student Managed Activity Fund</i>				
Assets:				
Cash and Cash Equivalents	\$42,612	\$150,423	(\$144,388)	\$48,647
Total Assets	<u>\$42,612</u>	<u>\$150,423</u>	<u>(\$144,388)</u>	<u>\$48,647</u>
Liabilities:				
Due to Students	\$42,612	\$150,423	(\$144,388)	\$48,647
Total Liabilities	<u>\$42,612</u>	<u>\$150,423</u>	<u>(\$144,388)</u>	<u>\$48,647</u>

HEATH CITY SCHOOL DISTRICT

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2008***

Capital Assets

Land	\$438,952
Land Improvements	2,071,766
Buildings and Improvements	21,718,867
Machinery and Equipment	1,289,401
Vehicles	921,287
	<hr/>
Total Capital Assets	<u><u>\$26,440,273</u></u>

Investment in Capital Assets from:

General Fund	\$5,480,612
Special Revenue Fund	744,881
Capital Project Funds	20,214,780
	<hr/>
Total Investment in Capital Assets	<u><u>\$26,440,273</u></u>

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2008***

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

HEATH CITY SCHOOL DISTRICT

<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
\$764,367	\$0	\$22,558,553
220,047	0	220,047
72,587	0	189,393
19,902	0	19,902
12,092	68,374	187,466
9,613	852,913	1,333,907
36,052	0	36,052
65,801	0	65,801
88,940	0	1,390,200
0	0	438,952
<u>\$1,289,401</u>	<u>\$921,287</u>	<u>\$26,440,273</u>

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2008***

<u>Function and Activity</u>	<u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2008</u>
Instruction	\$22,558,553	\$0	\$0	\$22,558,553
Support Services:				
Instructional Staff	220,047	0	0	220,047
Administration	189,393	0	0	189,393
Business	19,902	0	0	19,902
Operation and Maintenance of Plant	159,474	54,163	(26,171)	187,466
Pupil Transportation	1,328,257	24,000	(18,350)	1,333,907
Central	36,052	0	0	36,052
Operations of Non-Instructional Services:				
Food Service Operations	65,801	0	0	65,801
Extracurricular Activities	1,390,200	0	0	1,390,200
Facility Acquisition and Improvement	438,952	0	0	438,952
Total Capital Assets	<u>\$26,406,631</u>	<u>\$78,163</u>	<u>(\$44,521)</u>	<u>\$26,440,273</u>

STATISTICAL SECTION



Heath City School District

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. The District implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

Heath City School District

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

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

Source: District Treasurer's Office

Heath City School District

2008

\$2,834,908

887,090

720,704

759,384

(160,090)

\$5,041,996

\$2,834,908

2,367,178

(160,090)

\$5,041,996

Heath City School District

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

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

Heath City School District

<u>2007</u>	<u>2008</u>
\$8,926,735	\$9,085,543
799,648	810,305
414,699	378,349
9,322	10,855
1,267,292	1,254,840
529,640	487,384
32,881	44,304
1,398,886	1,353,411
575,485	631,807
237,093	250,355
6,483	5,951
550,878	560,347
598,363	616,595
939,196	941,017
<u>\$16,286,601</u>	<u>\$16,431,063</u>

\$217,244	\$173,950
36,026	1,907
291,284	292,224
97,200	105,913
849,020	975,399
0	5,416
<u>1,490,774</u>	<u>1,554,809</u>

(continued)

Heath City School District

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

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

Source: District Treasurer's Office

Heath City School District

<u>2007</u>	<u>2008</u>
<u>(14,795,827)</u>	<u>(14,876,254)</u>
<u>(\$14,795,827)</u>	<u>(\$14,876,254)</u>
\$7,012,225	\$7,716,065
1,435,903	1,351,190
128,674	212,373
5,410,791	5,871,413
223,690	189,225
355,100	377,953
<u>\$14,566,383</u>	<u>\$15,718,219</u>
0	0
0	0
<u>(229,444)</u>	<u>841,965</u>
<u>(\$229,444)</u>	<u>\$841,965</u>

Heath City School District

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$1,588,953	\$645,274	\$1,020,738	\$773,197
Unreserved	<u>(662,177)</u>	<u>(95,381)</u>	<u>(979,517)</u>	<u>(841,230)</u>
<i>Total General Fund</i>	<u>926,776</u>	<u>549,893</u>	<u>41,221</u>	<u>(68,033)</u>
All Other Governmental Funds				
Reserved	98,855	153,187	3,530,053	1,872,062
Unreserved, Undesignated in:				
Special Revenue Funds	108,058	71,234	159,078	143,442
Debt Service Funds	0	0	(325,000)	(162,500)
Capital Projects Funds	<u>192,755</u>	<u>934,946</u>	<u>12,299,514</u>	<u>962,485</u>
Total All Other Governmental Funds	<u>399,668</u>	<u>1,159,367</u>	<u>15,663,645</u>	<u>2,815,489</u>
<i>Total Governmental Funds</i>	<u><u>\$1,326,444</u></u>	<u><u>\$1,709,260</u></u>	<u><u>\$15,704,866</u></u>	<u><u>\$2,747,456</u></u>

Source: District Treasurer's Office

Heath City School District

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$871,544	\$1,058,231	\$1,087,811	\$1,040,193	\$1,137,953	\$1,237,003
<u>(436,229)</u>	<u>15,056</u>	<u>164,873</u>	<u>21,354</u>	<u>25,821</u>	<u>600,692</u>
<u>435,315</u>	<u>1,073,287</u>	<u>1,252,684</u>	<u>1,061,547</u>	<u>1,163,774</u>	<u>1,837,695</u>
183,823	185,735	244,300	734,089	741,159	177,267
135,060	208,146	211,556	247,222	261,747	304,652
(37,500)	0	0	0	0	664,539
<u>35,155</u>	<u>24,036</u>	<u>954,517</u>	<u>663,834</u>	<u>599,020</u>	<u>802,480</u>
<u>316,538</u>	<u>417,917</u>	<u>1,410,373</u>	<u>1,645,145</u>	<u>1,601,926</u>	<u>1,948,938</u>
<u>\$751,853</u>	<u>\$1,491,204</u>	<u>\$2,663,057</u>	<u>\$2,706,692</u>	<u>\$2,765,700</u>	<u>\$3,786,633</u>

Heath City School District

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

	1999	2000	2001	2002
Revenues:				
Local Sources:				
Taxes	\$6,156,123	\$5,695,719	\$6,810,534	\$7,315,048
Tuition	42,592	61,129	109,700	113,533
Food Service	0	0	0	0
Investment Earnings	102,924	164,548	1,733,133	439,605
Extracurricular Activities	58,642	54,117	60,091	58,882
Class Materials and Fees	0	0	0	0
Intergovernmental - State	2,284,912	2,449,928	2,800,322	3,739,966
Intergovernmental - Federal	124,894	80,276	210,315	169,735
All Other Revenue	200,961	150,045	180,683	170,827
Total Revenue	8,971,048	8,655,762	11,904,778	12,007,596
Expenditures:				
Current:				
Instruction	4,723,553	5,100,814	6,005,364	6,080,461
Supporting Services:				
Pupils	478,355	510,296	540,511	570,355
Instructional Staff	286,163	356,954	401,606	421,002
Board of Education	16,922	12,831	24,182	10,571
Administration	800,459	903,113	949,301	994,557
Fiscal Services	316,590	387,732	337,232	386,531
Business	16,003	32,435	28,461	17,890
Operation and Maintenance of Plant	919,220	829,811	863,407	1,113,117
Pupil Transportation	314,317	276,831	448,592	314,004
Central	137,245	112,203	133,836	200,225
Operation of Non-Instructional Services				
Community Services	36,787	50,762	14,972	1,326
Food Service Operations (1)	0	0	0	0
Extracurricular Activities	272,077	242,938	305,602	320,516
Other Expenditures	28,957	59,914	74,539	43,400
Capital Outlay	168,713	215,593	3,276,324	13,226,559
Debt Service:				
Principal Retirement	130,000	160,000	195,000	303,350
Interest and Fiscal Charges	65,233	189,069	1,404,496	961,142
Total Expenditures	8,710,594	9,441,296	15,003,425	24,965,006
Excess (Deficiency) of Revenues Over (Under) Expenditures	260,454	(785,534)	(3,098,647)	(12,957,410)

Heath City School District

2003	2004	2005	2006	2007	2008
\$7,749,658	\$8,014,207	\$8,217,228	\$8,316,370	\$8,973,456	\$9,177,281
111,934	108,289	88,595	78,323	132,640	97,851
0	280,018	281,668	300,649	291,284	292,224
38,253	23,310	81,707	158,998	224,641	191,210
62,599	63,930	74,588	79,875	97,200	105,913
0	82,661	80,798	87,092	80,984	75,699
4,107,266	4,540,879	4,666,593	5,053,501	5,435,638	5,935,027
268,179	623,193	748,174	801,138	804,350	905,022
318,297	334,750	588,075	349,000	414,494	383,685
<u>12,656,186</u>	<u>14,071,237</u>	<u>14,827,426</u>	<u>15,224,946</u>	<u>16,454,687</u>	<u>17,163,912</u>
6,361,749	6,877,822	7,581,623	7,818,644	8,450,515	8,670,531
606,857	645,741	809,485	819,120	780,296	790,332
320,171	410,181	417,740	503,159	392,514	362,294
18,195	13,610	11,468	8,668	9,322	10,855
1,009,182	1,077,687	1,162,291	1,218,226	1,233,636	1,211,911
405,747	460,016	496,274	494,041	524,494	482,568
29,763	31,456	18,637	23,173	32,881	44,304
1,540,828	1,364,636	1,182,710	1,184,777	1,371,895	1,261,633
430,318	350,581	434,537	708,790	526,559	581,873
223,603	218,065	215,024	201,825	220,129	238,584
7,109	4,139	7,582	4,458	6,483	5,951
0	438,548	473,144	471,141	503,554	533,326
371,122	355,806	376,408	391,195	429,705	449,089
2,481	0	0	0	0	0
2,096,952	151,606	418,869	370,063	293,999	88,201
325,000	395,000	448,168	595,659	955,293	809,080
946,098	929,204	921,912	776,485	655,854	612,393
<u>14,695,175</u>	<u>13,724,098</u>	<u>14,975,872</u>	<u>15,589,424</u>	<u>16,387,129</u>	<u>16,152,925</u>
(2,038,989)	347,139	(148,446)	(364,478)	67,558	1,010,987

(Continued)

Heath City School District

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

	1999	2000	2001	2002
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	1,510	0
General Obligation Notes Issued	400,000	0	0	0
Premium on General Obligation Notes	0	0	0	0
Premium on General Obligation Bonds	0	0	694,827	0
General Obligation Bonds Issued	0	1,168,350	16,248,718	0
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Refunding Bond	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Other Financing Sources - Capital Leases	0	0	149,198	0
Transfers In	479,154	0	37,173	0
Transfers Out	(479,154)	0	(37,173)	0
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>1,168,350</u>	<u>17,094,253</u>	<u>0</u>
Net Change in Fund Balance	<u>\$660,454</u>	<u>\$382,816</u>	<u>\$13,995,606</u>	<u>(\$12,957,410)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 2.41%	 3.94%	 16.56%	 12.46%

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

Source: District Treasurer's Office

Heath City School District

2003	2004	2005	2006	2007	2008
6,846	512	1,321,791	0	75	75
0	0	0	164,000	0	0
0	0	0	5,798	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	12,494,986	0	0
0	0	0	1,275,918	0	0
0	0	0	(13,533,778)	0	0
36,540	238,745	0	0	0	0
37,500	37,500	8,000	15,000	15,000	20,000
(37,500)	(37,500)	(8,000)	(15,000)	(15,000)	(20,000)
43,386	239,257	1,321,791	406,924	75	75
(\$1,995,603)	\$586,396	\$1,173,345	\$42,446	\$67,633	\$1,011,062
11.88%	11.04%	10.37%	9.98%	11.13%	9.70%

Heath City School District

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

Tax year	1998	1999	2000	2001
		*		
Real Property				
Assessed	\$145,418,700	\$169,063,570	\$172,295,770	\$178,918,700
Actual	415,482,000	483,038,771	492,273,629	511,196,286
Public Utility				
Assessed	8,135,630	7,546,730	7,851,500	6,389,920
Actual	8,135,630	7,546,730	7,851,500	6,389,920
Tangible Personal Property				
Assessed	42,289,650	44,507,210	44,052,160	45,300,500
Actual	169,158,600	178,028,840	176,208,640	181,202,000
Total				
Assessed	195,843,980	221,117,510	224,199,430	230,609,120
Actual	592,776,230	668,614,341	676,333,769	698,788,206
Assessed Value as a Percentage of Actual Value	33.04%	33.07%	33.15%	33.00%
Total Direct Tax Rate	\$43.10	\$43.10	\$48.38	\$48.22

Source: Licking County Auditor

* Reappraisal

** Update

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

Heath City School District

2002	2003	2004	2005	2006	2007
**			*		
\$195,425,090	\$198,958,880	\$204,143,540	\$236,666,040	\$236,780,990	\$243,057,770
558,357,400	568,453,943	583,267,257	676,188,686	676,517,114	694,450,771
6,531,640	6,357,200	6,498,070	6,351,210	6,463,400	5,352,300
6,531,640	6,357,200	6,498,070	6,351,210	6,463,400	5,352,300
38,931,420	36,850,610	35,135,040	40,706,030	23,227,380	23,843,800
155,725,680	147,402,440	140,540,160	162,824,120	123,879,360	190,750,400
240,888,150	242,166,690	245,776,650	283,723,280	266,471,770	272,253,870
720,614,720	722,213,583	730,305,487	845,364,016	806,859,874	890,553,471
33.43%	33.53%	33.65%	33.56%	33.03%	30.57%
\$50.52	\$50.10	\$50.20	\$50.30	\$49.06	\$54.60

Heath City School District

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Direct District Rates				
General Fund	41.90	41.90	41.90	41.90
Bond Retirement Fund	0.00	0.00	5.28	5.12
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>43.10</u>	<u>43.10</u>	<u>48.38</u>	<u>48.22</u>
Overlapping Rates				
City of Heath	5.40	5.40	5.40	5.40
Career and Technical Education Center	2.00	2.00	2.00	2.00
Licking County	7.20	7.20	7.20	7.20

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

Source:

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

Heath City School District

2002	2003	2004	2005	2006	2007
44.50	44.50	44.50	44.50	42.76	48.40
4.82	4.40	4.50	4.60	5.10	5.00
1.20	1.20	1.20	1.20	1.20	1.20
50.52	50.10	50.20	50.30	49.06	54.60
5.40	5.40	5.40	5.40	5.40	5.40
3.00	2.80	3.00	3.00	3.00	3.00
7.20	7.20	7.20	7.40	7.40	7.40

Heath City School District

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

Name of Taxpayer	Nature of Business	Calendar Year 2007		
		Assessed Value	Rank	Percent of Total Assessed Value
Meritor Automotive, Inc.	Heavy Truck Axles	\$4,614,440	1	19.35%
Kaiser Aluminum and Chemical Corporation	Aluminum Products	2,990,650	2	12.54%
Marathon Petroleum Corp.	Petroleum Products	1,715,460	3	7.19%
Boeing Company	Aeronautical Manufacturing	914,820	4	3.84%
Mathews Ford, Inc.	Automotive Sales and Service	898,350	5	3.77%
Lowe's	Home Improvement Center	810,950	6	3.40%
Windstream Ohio, Inc	Telephone Company	755,780	7	3.17%
Wal*Mart Stores, Inc.	Retail Store	691,100	8	2.90%
Newark Chrysler Plymouth	Automotive Dealership	613,770	9	2.57%
JLH Automotive	Automotive Dealership	561,020	10	2.35%
Subtotal		14,566,340		61.08%
All Others		9,277,460		38.92%
Total		<u>\$23,843,800</u>		<u>100.00%</u>

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

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2007 and 1998

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

Heath City School District

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

Name of Taxpayer	Nature of Business	Calendar Year 2007		
		Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$14,329,140	1	5.77%
Southgate Association Limited Partnership	Shopping Center	4,234,690	2	1.70%
Inland Western Heath Southgate LLC	Retail	4,167,100	3	1.68%
Ohio Power Company	Utility Company - Electric	4,040,160	4	1.63%
Wal*Mart Stores, Inc.	Retail Store	2,903,530	5	1.17%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,693,730	6	1.08%
Cross Creek Limited Partnership	Shopping Center	2,512,720	7	1.01%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,506,880	8	1.01%
Lowe's	Retail	2,436,420	9	0.98%
H & D Holding Company	Nursing and Convalescent Home	2,024,050	10	0.81%
Subtotal		41,848,420		16.84%
All Others		206,561,650		83.16%
Total		<u>\$248,410,070</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 1998		
		Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$19,502,390	1	12.70%
Ohio Power Company	Utility Company - Electric	4,748,980	2	3.09%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,794,360	3	2.47%
Cross Creek Limited Partnership	Shopping Center	3,210,240	4	2.09%
Alltel Ohio, Inc.	Utility Company - Telephone	3,134,090	5	2.04%
Heathwood Village Ltd Partnership	Apartments	2,599,930	6	1.69%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,581,010	7	1.68%
Southgate Association Limited Partnership	Shopping Center	2,457,420	8	1.60%
Rockwell/Meritor Heavy Vehicle System	Manufacturer	2,345,000	9	1.53%
National Gas and Oil Corporation	Utility Company - Gas	1,680,080	10	1.10%
Subtotal		46,053,500		29.99%
All Others		107,500,830		70.01%
Total		<u>\$153,554,330</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2007 and 1998

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

Heath City School District

*Property Tax Levies and Collections
Last Ten Years*

Collection Year	<u>1998</u>	<u>1999</u>	<u>2000</u>
Total Tax Levy	\$5,855,193	\$6,467,714	\$6,782,280
Collections within the Fiscal Year of the Levy			
Current Tax Collections	5,436,190	5,303,187	6,384,904
Percent of Levy Collected	92.84%	81.99%	94.14%
Delinquent Tax Collections ⁽¹⁾	<u>198,193</u>	<u>104,776</u>	<u>100,674</u>
Total Tax Collections	5,634,383	5,407,963	6,485,578
Percent of Total Tax Collections To Tax Levy	96.23%	83.61%	95.63%
Accumulated Outstanding Delinquent Taxes	228,252	1,059,752	296,702
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	3.90%	16.39%	4.37%

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

Source: Licking County Auditor's Office

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

Heath City School District

2001	2002	2003	2004	2005	2006	2007
\$8,214,783	\$8,111,945	\$9,449,244	\$9,516,753	\$9,907,213	\$10,091,936	\$9,201,990
7,687,500	7,264,837	8,456,846	8,321,361	8,655,699	9,008,503	8,585,291
93.58%	89.56%	89.50%	87.44%	87.37%	89.26%	93.30%
154,855	175,228	128,238	327,818	329,014	658,186	204,378
7,842,355	7,440,065	8,585,084	8,649,179	8,984,713	9,666,689	8,789,669
95.47%	91.72%	90.85%	90.88%	90.69%	95.79%	95.52%
372,428	671,881	74,160	867,574	922,501	425,247	412,320
4.53%	8.28%	0.78%	9.12%	9.31%	4.21%	4.48%

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Governmental Activities (1)				
Long-Term Notes Payable	\$1,035,000	\$1,145,000	\$965,000	\$780,000
General Obligation Bonds Payable	0	1,168,350	17,423,336	17,338,411
Capital Leases	64,087	48,993	134,685	103,563
Total Primary Government	<u>\$1,099,087</u>	<u>\$2,362,343</u>	<u>\$18,523,021</u>	<u>\$18,221,974</u>
Population (2)				
City of Heath	8,100	8,527	8,527	8,527
Outstanding Debt Per Capita	136	277	2,172	2,137
Income (3)				
Personal (in thousands)	201,431	217,848	228,677	232,514
Percentage of Personal Income	0.55%	1.08%	8.10%	7.84%

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

2003	2004	2005	2006	2007	2008
\$630,000	\$475,000	\$320,000	\$294,000	\$102,000	\$69,000
17,204,848	17,016,111	16,829,655	16,885,008	16,448,748	16,041,800
101,022	228,434	185,266	139,607	91,314	40,234
<u>\$17,935,870</u>	<u>\$17,719,545</u>	<u>\$17,334,921</u>	<u>\$17,318,615</u>	<u>\$16,642,062</u>	<u>\$16,151,034</u>
8,527	8,527	8,527	8,527	8,527	8,527
2,103	2,078	2,033	2,031	1,952	1,894
236,701	239,745	249,347	260,150	274,237	274,237
7.58%	7.39%	6.95%	6.66%	6.07%	5.89%

Heath City School District

Ratios of General Bonded Debt Outstanding Last Nine Years

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

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

Source:

- (1) U.S. Bureau of Census of Population
- (2) Licking County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Heath City School District

2004	2005	2006	2007	2008
8,527	8,527	8,527	8,527	8,527
242,166,690	245,776,650	283,723,280	266,471,770	272,253,870
17,016,111	16,829,655	16,885,008	16,448,748	16,041,800
7,437	40,155	404,467	513,213	664,539
17,008,674	16,789,500	16,480,541	15,935,535	15,377,261
7.02%	6.83%	5.81%	5.98%	5.65%
1,994.68	1,968.98	1,932.75	1,868.83	1,803.36



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2008*

<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	\$15,446,261	100.00%	\$15,446,261
Overlapping:			
City of Heath	6,660,000	94.46%	6,291,036
Licking County	22,065,943	7.16%	<u>1,579,922</u>
		Subtotal	<u>7,870,958</u>
		Total	<u><u>\$23,317,219</u></u>

Source: Licking County and Fiscal Officers of Subdivision

Heath City School District

Debt Limitations Last Ten Years

	1999	2000	2001	2002
Net Assessed Valuation	\$195,843,980	\$221,117,510	\$224,199,430	\$230,609,120
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	17,625,958	19,900,576	20,177,949	20,754,821
Applicable District Debt Outstanding	800,000	18,118,350	18,023,336	17,838,411
Less: Applicable Debt Service Fund Amounts (2)	(36,429)	(91,824)	(47,890)	(69,993)
Net Indebtedness Subject to Limitation	763,571	18,026,526	17,975,446	17,768,418
Overall Legal Debt Margin	<u>\$16,862,387</u>	<u>\$1,874,050</u>	<u>\$2,202,503</u>	<u>\$2,986,403</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	195,844	221,118	224,199	230,609
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$195,844</u>	<u>\$221,118</u>	<u>\$224,199</u>	<u>\$230,609</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	1,762,596	1,990,058	2,017,795	2,075,482
Applicable District Debt Outstanding	(505,000)	(445,000)	(365,000)	(280,000)
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$1,257,596</u>	<u>\$1,545,058</u>	<u>\$1,652,795</u>	<u>\$1,795,482</u>

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

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

Heath City School District

2003	2004	2005	2006	2007	2008
\$240,888,150	\$242,166,690	\$245,776,650	\$283,723,280	\$266,471,770	\$272,253,870
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
21,679,934	21,795,002	22,119,899	25,535,095	23,982,459	24,502,848
17,604,818	17,316,111	17,029,655	17,119,008	16,550,748	16,110,800
(34,979)	(7,437)	(40,155)	(404,467)	(513,213)	(664,539)
17,569,839	17,308,674	16,989,500	16,714,541	16,037,535	15,446,261
\$4,110,095	\$4,486,328	\$5,130,399	\$8,820,554	\$7,944,924	\$9,056,587
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
240,888	242,167	245,777	283,723	266,472	272,254
0	0	0	0	0	0
\$240,888	\$242,167	\$245,777	\$283,723	\$266,472	\$272,254
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,167,993	2,179,500	2,211,990	2,553,510	2,398,246	2,450,285
(230,000)	(175,000)	(120,000)	(60,000)	0	0
\$1,937,993	\$2,004,500	\$2,091,990	\$2,493,510	\$2,398,246	\$2,450,285

Heath City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	1998	1999	2000	2001	2002
Population (1)					
City of Heath	8,100	8,527	8,527	8,527	8,527
Licking County	141,393	143,697	145,491	147,397	148,680
Income (2) (a)					
Total Personal (in thousands)	201,431	217,848	228,677	232,514	236,701
Per Capita	24,868	25,548	26,818	27,268	27,759
Unemployment Rate (3)					
Federal	4.5%	4.2%	3.8%	4.8%	5.8%
State	4.3%	4.3%	3.7%	4.3%	5.7%
Licking County	3.8%	3.8%	3.6%	3.2%	3.6%
Fiscal Year	1999	2000	2001	2002	2003
School Enrollment (4)					
Grades K - 2	333	339	365	352	363
Grades 3 - 5	346	361	367	390	365
Grades 6 - 8	387	392	380	404	438
Grades 9 - 12	429	406	403	416	457
JVS	40	39	51	57	58
Total	<u>1,535</u>	<u>1,537</u>	<u>1,566</u>	<u>1,619</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 (2007 not available), Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Heath City School District

2003	2004	2005	2006	2007
8,527	8,527	8,527	8,527	8,527
150,634	152,866	154,806	155,694	155,694
239,745	249,347	260,150	274,237	274,237
28,116	29,242	30,509	32,161	32,161
6.0%	5.5%	5.0%	4.6%	4.6%
6.1%	6.0%	5.9%	5.5%	5.6%
6.0%	5.9%	5.8%	5.1%	5.2%
2004	2005	2006	2007	2008
377	382	382	358	379
377	375	429	434	435
410	402	412	418	395
424	421	458	484	487
53	63	39	45	47
<u>1,641</u>	<u>1,643</u>	<u>1,720</u>	<u>1,739</u>	<u>1,743</u>



Heath City School District

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2007	
		Number of Employees	Rank
Central Ohio Aerospace and Technology Center	Manufacturing	1,018	1
Arvin/Meritor/Rockwell	Manufacturing	493	2
Wal*Mart Stores	Retail Sales	483	3
Heath City Schools	Education	298	4
Heath Nursing Home	Health Care	278	5
Kaiser Aluminum and Chemical Corporation	Manufacturing	271	6
Sears	Retail Sales	253	7
Lowe's Home Center	Retail Sales	235	8
Englefield Oil	Petroleum Products	207	9
Kroger	Retail Grocery	153	10
Total		<u>3,689</u>	
		1998	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace and Technology Center	Manufacturing	1,242	1
Arvin/Meritor/Rockwell	Manufacturing	1,051	2
Kaiser Aluminum and Chemical Corporation	Manufacturing	315	3
Wal*Mart Stores	Retail Sales	220	4
Kroger	Retail Grocery	200	5
Heath Nursing Home	Health Care	190	6
Englefield Oil	Petroleum Products	157	7
Sears	Retail Sales	156	8
Heath City Schools	Education	146	9
Mathews Ford	Automotive Sales and Service	111	10
Total		<u>3,788</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

	1999	2000	2001	2002	2003
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	88.00	96.00	100.00	100.00	105.00
Student Services					
Guidance Counselors	3.00	3.00	3.00	3.00	3.00
Psychologists	1.00	1.00	1.00	1.00	1.00
Librarians	4.00	4.00	2.00	2.00	2.00
Other Professionals (noninstructional)					
Support Services					
Clerical/Secretaries	10.00	10.00	10.00	10.00	10.00
Tutors/Aides	6.00	6.00	6.00	6.00	6.00
Food Service	16.00	17.00	17.00	17.00	17.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	10.00	11.00	11.00	11.00	12.00
<i>Total Employees</i>	<u>155.00</u>	<u>165.00</u>	<u>167.00</u>	<u>167.00</u>	<u>173.00</u>

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

Source: District Treasurer's Office

Heath City School District

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00
4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
104.00	106.00	106.00	105.00	105.00
3.00	3.50	3.50	3.50	3.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
10.00	11.00	11.00	11.00	11.00
6.00	6.00	6.00	6.00	2.00
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>173.00</u>	<u>176.50</u>	<u>176.50</u>	<u>175.50</u>	<u>171.00</u>

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	1999	2000	2001	2002
Enrollment	1,535	1,537	1,566	1,619
Modified Accrual Basis				
Operating Expenditures (1)	8,710,594	9,441,296	15,003,425	24,965,006
Cost per Pupil	5,675	6,143	9,581	15,420
Percentage of Change	8.2%	8.2%	56.0%	60.9%
Accrual Basis (2)				
Expenses	N/A	N/A	N/A	N/A
Cost per Pupil	N/A	N/A	N/A	N/A
Percentage of Change	N/A	N/A	N/A	N/A
Teaching Staff	88	96	100	100
Pupil to Teacher Ratio				
Heath	17.4	16.0	15.7	16.2
State Average	18.6	18.1	18.0	16.9

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

(2) Expenses exclude interest and fiscal charges

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

N/A - Not Available

Heath City School District

2003	2004	2005	2006	2007	2008
1,681	1,641	1,643	1,720	1,739	1,743
14,695,175	13,724,098	14,975,872	15,589,424	16,387,129	16,152,925
8,742	8,363	9,115	9,064	9,423	9,267
(43.3%)	(4.3%)	9.0%	(0.6%)	4.0%	(1.7%)
N/A	12,856,654	14,087,070	14,743,921	15,347,405	15,473,425
N/A	7,835	8,574	8,572	8,825	8,877
N/A	N/A	9.4%	(0.02%)	2.96%	0.59%
105	104	106	106	105	105
16.0	15.8	15.5	16.2	16.6	16.6
16.9	18.5	18.5	18.6	19.6	19.6

Heath City School District

Operating Indicators by Function Last Ten Years

	1999	2000	2001	2002
Governmental Activities				
Pupils				
Enrollment	1,535	1,537	1,566	1,619
Graduates	N/A	N/A	N/A	N/A
Percent of Students with Disabilities	N/A	N/A	N/A	N/A
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	95.30%	94.60%	95.10%	95.20%
Fiscal Services				
Purchase Orders Processed	N/A	N/A	N/A	N/A
Checks Issued (non payroll)	N/A	N/A	N/A	N/A
Operation and Maintenance of Plant				
District Square Footage Maintained	194,665	194,665	194,665	288,868
District Square Miles Maintained	11.2	11.2	11.2	11.2
Pupil Transportation				
Average Daily Students Transported	1,107	1,123	1,136	1,247
Average Daily Bus Fleet Miles	641	643	647	753
Number of Buses	13	14	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Meals Served Annually	N/A	N/A	N/A	N/A
Percent of Free/Reduced Price Meals	N/A	N/A	N/A	N/A
Extracurricular Activities				
High School Varsity Teams	N/A	N/A	N/A	N/A

Source: District Treasurer's Office

N/A - Not Available

Heath City School District

2003	2004	2005	2006	2007	2008
1,681	1,641	1,643	1,720	1,739	1,743
97	102	105	107	110	105
6.0%	5.9%	6.1%	6.6%	6.8%	6.7%
12	12	12	12	12	12
95.80%	95.60%	95.50%	95.90%	95.90%	95.10%
2,492	2,528	2,328	2,305	2,161	2,054
2,496	2,523	2,512	2,591	2,330	2,269
288,868	288,868	288,868	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,247	1,254	1,140	1,147	1,147	1,147
753	847	887	898	898	898
16	16	16	16	16	16
75,405	82,195	85,071	92,164	93,174	155,431
16%	19%	22%	23%	24%	33%
14	14	14	17	17	17

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	1999	2000	2001	2002	2003
Minimum Salary (1)	24,328	25,301	26,187	27,234	28,323
Maximum Salary (1)	53,522	55,662	57,611	59,915	62,311
District Average Salary	37,072	38,718	39,644	40,897	43,494
County Average Salary	37,537	38,285	39,529	41,058	42,473
State Average Salary	40,746	41,713	42,892	44,266	45,515

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	1999	2000	2001	2002	2003
Bachelor's Degree	14	17	18	18	18
Bachelor + 15	29	31	32	30	23
Master's Degree	32	34	36	40	48
Master's Degree + 15	7	8	7	6	9
Master's Degree + 30	6	6	7	6	7
Total	88	96	100	100	105

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

Source: District Treasurer's Office

N/A - Not Available

Heath City School District

2004	2005	2006	2007	2008
29,244	30,194	31,175	31,175	31,175
64,337	66,428	68,585	68,585	68,585
44,175	45,742	47,058	49,985	50,768
44,590	45,638	46,289	47,110	46,999
47,495	49,438	50,772	53,536	53,410

2004	2005	2006	2007	2008
13	14	11	10	10
26	23	25	25	17
48	50	50	49	53
10	10	11	12	12
7	9	9	9	13
104	106	106	105	105

Heath City School District

Capital Asset Statistics by Building Last Ten Years

	1999	2000	2001	2002
Secondary				
Heath High School				
Square Footage	67,197	67,197	67,197	124,740
Capacity (students)	450	450	450	600
Enrollment	449	445	454	473
Middle				
Heath Middle School / Fulton Middle*				
Square Footage	47,537	47,537	47,537	67,197
Capacity (students)	400	400	400	450
Enrollment	383	392	380	404
Elementary				
Stevenson Elementary School				
Square Footage	37,419	37,419	37,419	39,619
Capacity (students)	400	400	400	450
Enrollment	355	361	367	390
Garfield Elementary School				
Square Footage	40,112	40,112	40,112	44,112
Capacity (students)	350	350	350	420
Enrollment	338	339	365	352
All Other				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	13	13	13	13
Bus Garage**				
Square Footage	None	None	None	10,800
Capacity (Buses)				16

Source: District Treasurer's Office

* Fulton was demolished in 2003

** Bus Garage built in 2002.

N/A - Not Available

Heath City School District

2003	2004	2005	2006	2007	2008
124,740	124,740	124,740	124,740	124,740	124,740
600	600	600	600	600	600
515	477	484	497	484	534
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
438	410	402	412	418	395
39,619	39,619	39,619	42,337	44,437	44,437
450	450	450	450	450	450
365	377	375	429	434	435
44,112	44,112	44,112	44,112	44,112	44,112
420	420	420	450	450	450
363	377	382	382	358	379
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	14	14	14	14	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

	1999	2000	2001	2002	2003
ACT Scores (Average)					
Heath	22.6	21.8	22.3	21.5	21.7
Ohio	21.4	21.4	21.4	21.4	21.4
National	21.0	21.0	21.0	20.8	20.8
Cost per Student (ODE) (1)					
Heath	5,811	6,165	6,498	6,926	6,968
Ohio (Average)	6,640	7,054	7,589	8,079	8,439
Cost to Educate a Graduate					
Heath	71,067	80,078	89,662	93,625	96,368
Ohio (Average)	64,002	67,621	71,601	75,655	79,747
Attendance Rate					
Heath	95.30%	94.60%	95.10%	95.20%	95.80%
Ohio (Average)	94.20%	97.20%	94.70%	95.00%	94.90%
Graduation Rate					
Heath	90.00%	90.00%	82.70%	92.90%	92.90%
Ohio (Average)	81.40%	80.70%	81.20%	82.80%	83.90%

Source:

District's Student Records and Ohio Department of Education

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

N/A - Not Available

Heath City School District

2004	2005	2006	2007	2008
21.0	22.0	21.3	N/A	21.7
21.4	21.4	21.5	21.6	21.6
20.9	20.9	21.1	21.2	21.2
6,997	7,318	8,107	8,138	8,260
8,761	9,051	9,355	9,586	9,939
109,183	113,075	116,263	137,140	152,020
84,129	88,133	89,779	99,365	109,945
95.60%	95.50%	95.90%	95.40%	95.10%
95.30%	95.20%	94.10%	94.10%	94.20%
91.00%	96.50%	96.20%	90.10%	99.10%
84.30%	85.90%	86.20%	86.10%	86.20%





Mary Taylor, CPA
Auditor of State

HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 24, 2008**