

HEATH CITY SCHOOL DISTRICT
LICKING COUNTY
SINGLE AUDIT
JULY 1, 2009 - JUNE 30, 2010





Dave Yost • Auditor of State

January 11, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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

DAVE YOST
Auditor of State

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Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Heath City School District, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2009 through June 30, 2010. 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 28, 2010

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**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR	Federal	Cash	Non-Cash	Cash	Non-Cash
<i>Pass Through Grantor</i>	CFDA	Receipts	Receipts	Disbursements	Disbursements
Program Title	Number				
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
National School Lunch Program	10.555	\$ 212,381	\$ 68,126	\$ 212,381	\$ 68,126
Total U.S. Department of Agriculture		<u>212,381</u>	<u>68,126</u>	<u>212,381</u>	<u>68,126</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	207,096	-	223,544	-
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	29,014	-	28,397	-
Total Title I, Part A Cluster		<u>236,110</u>	<u>-</u>	<u>251,941</u>	<u>-</u>
Special Education Cluster:					
Special Education - Grants to States	84.027	266,793	-	263,931	-
ARRA - Special Education Grants to States, Recovery Act	84.391	207,843	-	131,887	-
Total Special Education Cluster		<u>474,636</u>	<u>-</u>	<u>395,818</u>	<u>-</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	5,636	-	4,430	-
Javits Gifted and Talented Students Education Grant Program	84.206	500	-	500	-
State Grants for Innovative Programs	84.298	1,116	-	1,240	-
Education Technology State Grants	84.318	1,298	-	1,286	-
Improving Teacher Quality State Grants	84.367	37,145	-	23,419	-
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	284,093	-	143,084	-
<i>Total Passed through the Ohio Department of Education</i>		<u>1,040,534</u>	<u>-</u>	<u>821,718</u>	<u>-</u>
Safe and Drug-Free Schools & Communities - National Programs - Direct	84.184	45,859	-	52,180	-
Total U.S. Department of Education		<u>1,086,393</u>	<u>-</u>	<u>873,898</u>	<u>-</u>
Total Federal Awards Receipts and Expenditures		<u>\$ 1,298,774</u>	<u>\$ 68,126</u>	<u>\$ 1,086,279</u>	<u>\$ 68,126</u>

The accompanying notes 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, 2010**

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

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures in the Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at fair market value. The District allocated donated commodities to the respective program that benefited from use of those donated food commodities.



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, 2010 which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2010, wherein we noted that the District restated taxes receivable as discussed in Note 2. 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*.

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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

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 directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or another matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2010-01.

Wilson, Shannon & Snow, Inc.

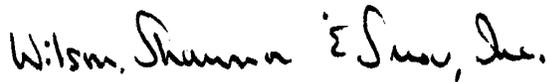
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Heath City School District
Licking County
Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*
Page 2

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 25, 2010.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Education, the Auditor of the State of Ohio, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.



Newark, Ohio
November 25, 2010



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

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

Compliance

We have audited the compliance of the Heath City School District, Licking County (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 apply to its major federal program for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings and responses identifies the District's major federal program. The District's management is responsible for complying with the requirements of 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 its major federal program for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and responses lists these instances as Findings 2010-02 and 2010-03.

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 the 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, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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Heath City School District
Licking County
Report on Compliance 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
Page 2

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and responses as items 2010-02 and 2010-03 to be significant deficiencies.

We also noted a matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 25, 2010.

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.

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, 2010, and have issued our report dated November 25, 2010 wherein we noted the District restated taxes receivable as discussed Note 2. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. 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.

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. It is not intended for anyone other than these specified parties.

Wilson, Sherman & Snow, Inc.

Newark, Ohio
November 25, 2010

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2010

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(I)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(I)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(ii)</i>	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(I)(iv)</i>	Were there any material internal control weakness conditions reported for its major federal program?	No
<i>(d)(I)(iv)</i>	Were there any other significant deficiencies in its internal control for its major federal program?	Yes
<i>(d)(I)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(I)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(I)(vii)</i>	Major Program (list):	Special Education Cluster: Special Education Grants to States \ CFDA #84.027, Special Education Grants to States, Recovery Act \ CFDA #84.391
<i>(d)(I)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	Low Risk Auditee?	Yes

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2010

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

Finding Number	2010-01
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Ohio Revised Code Section 5705.39 states in part that the total appropriation from each fund shall not exceed total estimated resources. It was noted that the following fund had appropriations which exceeded estimated resources at June 30, 2010:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Excess</u>
Title I Fund (572)	\$424,816	\$378,311	(\$46,505)

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

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

Official's Response: The District will monitor appropriations and estimated resources throughout the year in order to ensure compliance with the Ohio Revised Code.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2010-02
CFDA Title and Number	Special Education Cluster: Special Education Grants to States \ CFDA #84.027, Special Education Grants to States, Recovery Act \ CFDA #84.391
Federal Award Number/Year	2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Cash Management

The District was required to request from the Ohio Department of Education (ODE) the payment of project funds utilizing a Project Cash Request Form (PCR). ODE required the PCR to reflect the total amount of project cash expended as of the date of the request in order to help support the need for the request.

The total expenditures reported on the PCR's for the Special Education – Grants to States (IDEA, Part B) Recovery Act (CFDA #84.391) did not agree to the expenditures reported on the District's underlying financial records as follows:

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2010

3. FINDINGS FOR FEDERAL AWARDS – Continued

Finding Number	2010-02 (Continued)
CFDA Title and Number	Special Education Cluster: Special Education Grants to States \ CFDA #84.027, Special Education Grants to States, Recovery Act \ CFDA #84.391
Federal Award Number/Year	2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

<u>PCR Request Date</u>	<u>Expenditures Reported per PCR</u>	<u>PCR Release Date</u>	<u>Expenditures Reported per District</u>	<u>Variance</u>	<u>ODE Amount Released</u>
02/19/10	\$172,843.13	03/04/10	\$126,952.35	\$45,590.78	\$44,381.96
11/13/09	98,439.15	11/21/09	45,514.80	52,924.35	68,521.21
01/25/10	127,961.17	02/03/10	126,531.15	1,430.02	44,880.76
10/06/09	14,515.83	10/15/09	12,321.33	2,194.50	50,059.20

This resulted in cash balances being reflected on the PCR's which were not reflected in the District's accounting ledgers. The District was authorized to request the negative cash balance plus 10% of the allocated budget. If the District had reported the actual cash balance on each PCR, the PCR amounts would have been limited to 10% of the allocated budget and an explanation should have been provided on each PCR as required by PCR guidelines. We recommend the Treasurer ensure expenditures reported on Project Cash Requests are accurate and agree to underlying financial records.

Official's Response: The District will review its procedures for preparing project cash requests to determine compliance with federal guidelines.

Finding Number	2010-03
CFDA Title and Number	Special Education Cluster: Special Education Grants to States \ CFDA #84.027, Special Education Grants to States, Recovery Act \ CFDA #84.391
Federal Award Number/Year	2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Reporting

Section 1512 of the American Recovery Reinvestment Act (ARRA), as required by the Federal Office of Management and Budget, requires testing for prime recipients. Although the District is not considered a prime recipient of ARRA money, the Ohio Department of Education requires Section 1512 testing for any school/entity receiving ARRA-Special Education Grants to States, Recovery Act money from the Ohio Department of Education (ODE).

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2010

3. FINDINGS FOR FEDERAL AWARDS – Continued

Finding Number	2010-03 (Continued)
CFDA Title and Number	Special Education Cluster: Special Education Grants to States \ CFDA #84.027, Special Education Grants to States, Recovery Act \ CFDA #84.391
Federal Award Number/Year	2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

ODE requires that any vendor which receives a single payment greater than \$25,000 must report the expenditure on the ODE ARRA Subrecipient Vendor Report. Furthermore, ODE requires the District to develop internal controls to ensure 1512 Full-Time Equivalency (FTE) information is reasonable and complete.

We noted the following discrepancies while testing the Reporting compliance requirement associated with ARRA-Special Education Grants to States, Recovery Act money:

- We noted the following ARRA-Special Education Grants to States, Recovery Act expenditure paid which was not reported on the ODE ARRA Subrecipient Vendor Report for the quarter which the expenditure was incurred or for subsequent quarters:

<u>Date</u>	<u>Check #</u>	<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
01/14/10	63050	Schoolhouse Electronics	\$42,500	Purchase of SmartBoards

- We noted the District did not properly report the proper Full-Time Equivalency information related to the ARRA-Special Education Grants to States, Recovery Act via the Ohio Department of Education 1512 FTE spreadsheet, identifying the following exceptions:
 - ▶ For each fiscal year 2010 quarter, the District reported 2 Full-Time Equivalency positions for ARRA-Special Education Grants to States, Recovery Act program although no actual salary and benefit expenditures were incurred during fiscal year 2010.
 - ▶ The District posted the 4th quarter FTE reporting requirement for the period ended June 2010 in August 2010, which relates to fiscal year 2011. Per review of the District’s fiscal year 2010 ODE FTE spreadsheet there are no FTE’s reported for 4th quarter 2010.

We recommend the District develop policies and procedures address the Reporting compliance requirements set forth by the Ohio Department of Education 1512 ARRA reporting requirements.

Official’s Response: The District will review its procedures for 1512 reporting to determine compliance with federal guidelines.



Independent Auditors' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school”.

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Heath City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on June 11, 2007.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
 - (1) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
 - (2) A procedure for reporting prohibited incidents;
 - (3) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (4) A procedure for documenting any prohibited incident that is report;
 - (5) A procedure for responding to and investigating any reported incident;
 - (6) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
 - (7) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment of the Constitution of the United States;

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- (8) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its website, if the district has a website, to the extent permitted by Section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974", 88 Stat. 571, 20 U.S.C. 1232q, as amended.
3. We read the policy, noting it did not include the following requirements from Ohio Revised Code Section 3313.666(B):
- (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by Section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974", 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than this specified party.

Wilson, Shuman & Sons, Inc.

Newark, Ohio
November 25, 2010

HEATH CITY SCHOOL DISTRICT

Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**



HEATH CITY SCHOOL DISTRICT

Heath, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2010**

Prepared by:

**Mr. Bradley T. Hall
Treasurer**



HEATH CITY SCHOOL DISTRICT

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HEATH CITY SCHOOL DISTRICT

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HEATH CITY SCHOOL DISTRICT

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HEATH CITY SCHOOL DISTRICT

III

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INTRODUCTORY SECTION



Board of Education
Heath City Schools



Office of the Treasurer

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

November 25, 2010

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, 2010 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 1,681 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, 2010*

ECONOMIC CONDITIONS AND OUTLOOK

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

Consistent and modestly paced commercial, industrial, and residential growth continues to favor the City of Heath. Other major employers, including Kaiser Aluminum, continued to operate in a solid fashion. A very favorable sign related to industrial growth is that the Port Authority and Mid-Ohio Development were considered as possible sights by several national companies for the re-location of operation centers.

Several new businesses, including the Tokyo's Japanese Steakhouse, Jimmy John's Subs, Josie's Yogurt, Ohio Heritage Bank, Indian Mound Motor Sports, and the expansion of Gummer Wholesale opened this year.

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

The District voters renewed a \$1.3 million renewal levy in May 2010 along with an additional \$1.3 million emergency levy that will be in effect for 5 years.

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 2010, the District focused on the maintaining 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 blacktop maintenance, and beginning interior building painting.

Future: - During the 2010-2011 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 maintaining current facilities.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2010

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.
- Institute M.A.P. (Measure of Academic Progress) testing designed to measure student growth.
- Implemented Corrective Reading Program at Stevenson Elementary.
- Implemented Response to Intervention (RTI) strategies at all grade levels.

HEATH CITY SCHOOL DISTRICT

***Letter of Transmittal
For the Fiscal Year Ended June 30, 2010***

FINANCIAL INFORMATION

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

*Letter of Transmittal
For the Fiscal Year Ended June 30, 2010*

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, 2009. We believe this, our eleventh 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.

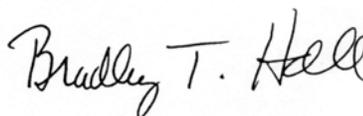
ACKNOWLEDGMENTS -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution 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, 2010

Members of the Board of Education

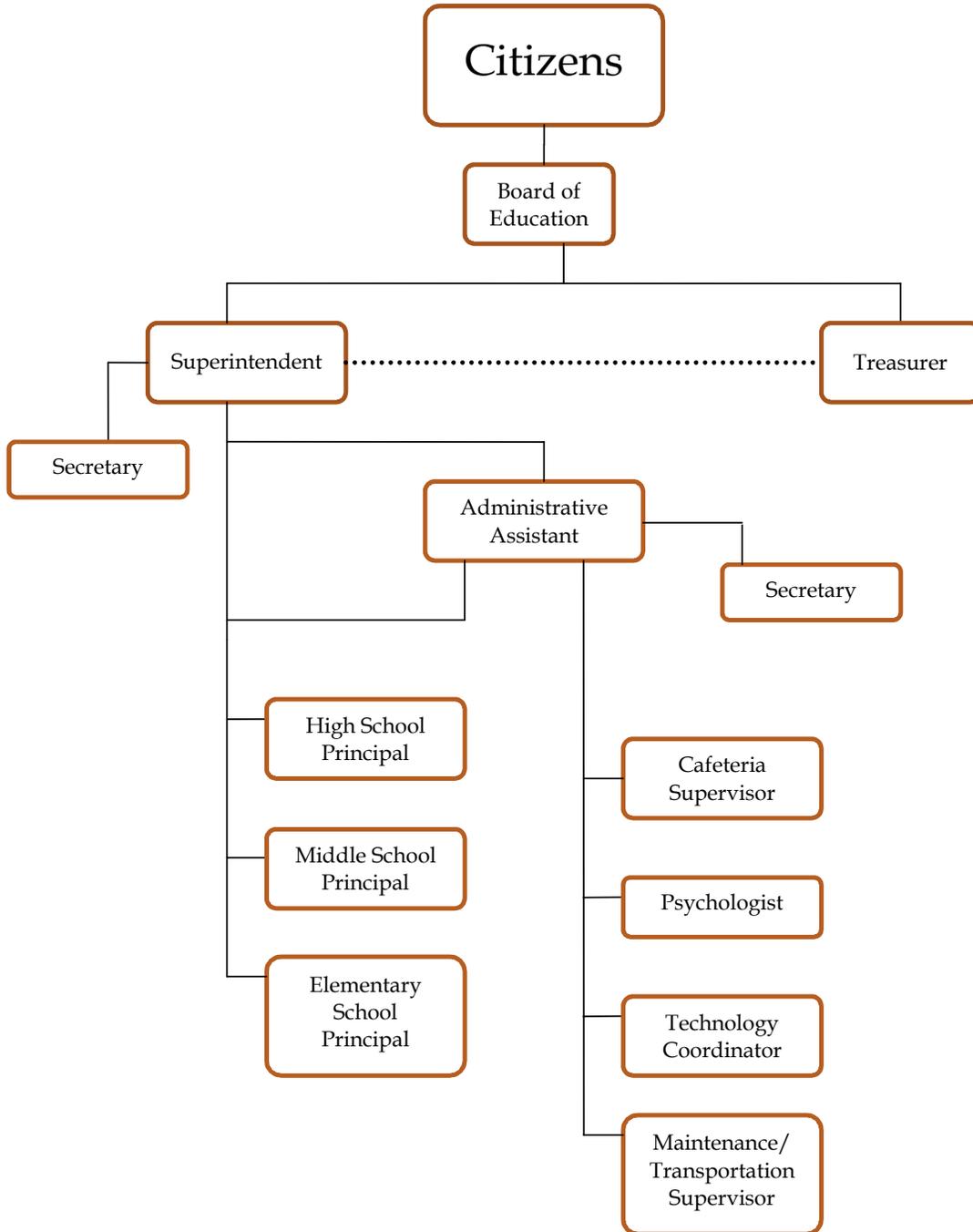
<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Mr. James Roberts	President	13
Mr. James Bowers	Vice president	13
Mr. Gary Wimer	Member	10
Ms. Debbie Kelley	Member	2
Ms. Barbara Meckley	Member	2

Administration

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>	
		<u>Position</u>	<u>Total</u>
Mr. Thomas Forman	Superintendent	5	33
Mr. Bradley T. Hall	Treasurer	15.5	30
Mr. James Forgrave	Assistant Superintendent	4	28

HEATH CITY SCHOOL DISTRICT

*Organizational Chart
For the Fiscal Year Ended June 30, 2010*



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, 2009

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.



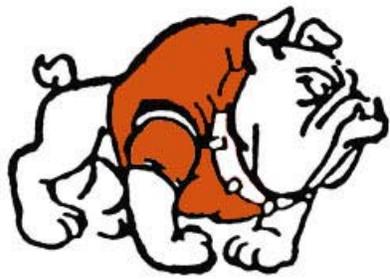
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION





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

INDEPENDENT AUDITORS' REPORT

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, 2010, 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 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, 2010, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2010, 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.

As disclosed in Note 2, the District restated net assets and fund balance of the General Fund to properly account for taxes receivables.

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

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

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 in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
November 25, 2010

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010*

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, 2010. 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 2010 are as follows:

- ❑ In total, net assets decreased \$103,212, which represents a 2.0% increase from 2009.
- ❑ General revenues accounted for \$16,189,842 in revenue or 88.3% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$2,148,509 or 11.7% of total revenues of \$18,338,351.
- ❑ The District had \$18,441,563 in expenses related to governmental activities; only \$2,148,509 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$14,197,978 in revenues and \$14,326,733 in expenditures. The general fund's fund balance decreased \$2,498,664 to \$2,349,958.

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, 2010*

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, 2010**

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 2010 compared to 2009:

	Governmental Activities		Increase (Decrease)
	2010	Restated 2009	
Current and other assets	\$14,779,179	\$14,456,885	\$322,294
Capital assets, Net	16,559,491	17,436,649	(877,158)
Total assets	<u>31,338,670</u>	<u>31,893,534</u>	<u>(554,864)</u>
Long-term debt outstanding	16,903,772	17,156,393	(252,621)
Other liabilities	9,271,014	9,470,045	(199,031)
Total liabilities	<u>26,174,786</u>	<u>26,626,438</u>	<u>(451,652)</u>
Net assets			
Invested in capital assets, net of related debt	2,693,125	2,811,504	(118,379)
Restricted	2,717,297	2,661,956	55,341
Unrestricted	(246,538)	(206,364)	(40,174)
Total net assets	<u>\$5,163,884</u>	<u>\$5,267,096</u>	<u>(\$103,212)</u>

At year-end for governmental activities, capital assets represented 53% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010 was \$2,693,125. 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, \$2,717,297, 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, 2010**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2010 and 2009:

	Governmental Activities		Increase (Decrease)
	2010	Restated 2009	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$583,873	\$593,181	(\$9,308)
Operating Grants and Contributions	1,564,636	922,259	642,377
Capital Grants and Contributions	0	12,068	(12,068)
Total Program Revenues	<u>2,148,509</u>	<u>1,527,508</u>	<u>621,001</u>
General Revenues:			
Property Taxes	9,464,844	8,963,856	500,988
Grants and Entitlements	6,198,597	6,331,894	(133,297)
Other	526,401	606,569	(80,168)
Total General Revenues	<u>16,189,842</u>	<u>15,902,319</u>	<u>287,523</u>
Total Revenues	<u>18,338,351</u>	<u>17,429,827</u>	<u>908,524</u>
Program Expenses			
Instruction	10,537,518	9,646,810	890,708
Support Services:			
Pupils	1,030,058	865,694	164,364
Instructional Staff	374,083	350,010	24,073
Board of Education	11,787	12,061	(274)
Administration	1,450,432	1,333,496	116,936
Fiscal Services	504,185	514,732	(10,547)
Business	34,831	41,636	(6,805)
Operation and Maintenance of Plant	1,236,884	1,317,583	(80,699)
Pupil Transportation	631,971	589,078	42,893
Central	291,401	243,900	47,501
Operation of Non-Instructional Services:			
Community Services	10,722	5,125	5,597
Food Service Operations	629,322	592,736	36,586
Extracurricular Activities	713,070	728,693	(15,623)
Interest and Fiscal Charges	985,299	963,173	22,126
Total Expenses	<u>18,441,563</u>	<u>17,204,727</u>	<u>1,236,836</u>
Change in Net Assets	(103,212)	225,100	(328,312)
Beginning Net Assets	<u>5,267,096</u>	<u>5,041,996</u>	<u>225,100</u>
Ending Net Assets	<u>\$5,163,884</u>	<u>\$5,267,096</u>	<u>(\$103,212)</u>

HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010*

Unaudited

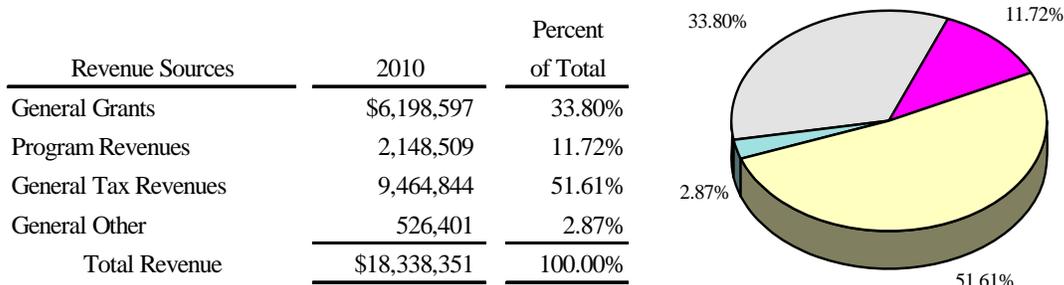
Governmental Activities

Net assets of the District's governmental activities decreased by \$103,212. Total governmental expenses of \$18,441,563 were offset by program revenues of \$2,148,509 and general revenues of \$16,189,842. Program revenues supported 11.7% of the total governmental expenses. The primary reason for the decrease in net assets is the decrease in capital assets due to depreciation expense. In addition, net assets decreased due to increased expenditures for salaries and benefits.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources of general revenue total \$15,663,441 and represent 96.7% 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 52% of revenues for governmental activities for Heath City Schools in fiscal year 2010. 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 \$4,730,510, which is under last year's total of \$4,465,851. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2010 and 2009.

	Fund Balance June 30, 2010	Restated Fund Balance June 30, 2009	Increase (Decrease)
General	\$2,349,958	\$2,498,664	(\$148,706)
Bond Retirement	1,055,905	860,651	195,254
Permanent Improvement	783,688	756,980	26,708
Other Governmental	540,959	349,556	191,403
Total	\$4,730,510	\$4,465,851	\$264,659

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

Unaudited

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

	2010 Revenues	Restated 2009 Revenues	Increase (Decrease)
Taxes	\$7,813,334	\$7,527,933	\$285,401
Tuition	81,380	93,116	(11,736)
Investment Earnings	12,626	43,230	(30,604)
Intergovernmental - State	5,966,165	6,083,705	(117,540)
All Other Revenue	324,473	347,387	(22,914)
Total	\$14,197,978	\$14,095,371	\$102,607

General Fund revenues in 2010 increased approximately 0.7% compared to revenues in fiscal year 2009. The increase in taxes is the result of higher advances available within the period of availability, but this is somewhat offset by the complete phase out of tangible personal property taxes by fiscal year 2010. Investment earnings decreased due to declining interest rates.

	2010 Expenditures	2009 Expenditures	Increase (Decrease)
Instruction	\$9,016,670	\$8,244,336	\$772,334
Supporting Services:			
Pupils	720,005	630,640	89,365
Instructional Staff	272,965	271,017	1,948
Board of Education	11,787	12,061	(274)
Administration	1,396,787	1,273,230	123,557
Fiscal Services	471,213	477,616	(6,403)
Business	18,582	17,636	946
Operation and Maintenance of Plant	1,168,957	1,250,717	(81,760)
Pupil Transportation	556,111	513,898	42,213
Central	269,671	209,066	60,605
Operation of Non-Instructional Services:			
Food Service Operations	3,532	3,335	197
Extracurricular Activities	303,796	345,604	(41,808)
Capital Outlay	59,117	328,968	(269,851)
Debt Service:			
Principal Retirement	45,875	72,884	(27,009)
Interest and Fiscal Charges	11,665	11,454	211
Total	\$14,326,733	\$13,662,462	\$664,271

The expenditures increased by \$664,271 or 4.9% compared to the prior year. The increase in Instruction, Pupils and Administration was due to increases in salaries and fringe benefits. Salaries and related benefits increased about 4% and health insurance costs increased approximately 7%. The decrease in Capital Outlay was due to the lease of 12 new copiers in 2009.

HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

Unaudited

Bond Retirement Fund – This fund has remained consistent compared to the prior year with an increase of \$195,254.

Permanent Improvement Fund – This fund has remained consistent compared to the prior year with an increase of \$26,708.

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 2010 the District amended its General Fund budget, the increase of \$.8 million compared to the original budget was the result of not budgeting for substitute teachers, administrative fees to the County and payments to a community school in the original budget. The General Fund budget basis revenue of \$13.4 million increased compared to the original budget estimates because Homestead and Rollback reimbursements from the State were not included in the original budgets.

Actual expenditures compared to the final budget resulted in an overall positive variance due to budgeting additional funds for salaries and insurance benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2010 the District had \$16,559,491 net of accumulated depreciation invested in land, buildings, equipment, vehicles, and construction in progress. The following table shows fiscal year 2010 and 2009 balances:

	Governmental Activities		Increase (Decrease)
	2010	2009	
Land	\$438,952	\$438,952	\$0
Land Improvements	2,151,716	2,151,716	0
Buildings and Improvements	21,718,867	21,718,867	0
Machinery and Equipment	1,504,574	1,509,935	(5,361)
Vehicles	928,848	928,848	0
Construction in Progress	13,602	0	13,602
Less: Accumulated Depreciation	(10,197,068)	(9,311,669)	(885,399)
Totals	\$16,559,491	\$17,436,649	(\$877,158)

The district did not acquire any significant capital assets in 2010. Additional information on the District's capital assets can be found in Note 10.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2010

Unaudited

Debt

At June 30, 2010, the District had \$16.9 million in general obligation bonds, long-term notes, capital leases and compensated absences outstanding, \$948,377 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2010 and 2009:

	2010	2009
Governmental Activities:		
General Obligation Bonds Payable	\$15,402,557	\$15,721,702
Long-Term Notes Payable	0	35,000
Capital Leases Payable	169,535	215,410
Compensated Absences	1,331,680	1,184,281
Totals	<u>\$16,903,772</u>	<u>\$17,156,393</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, 2010, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 13.

ECONOMIC FACTORS

The District voters renewed a \$1.3 million renewal levy in May 2010 along with an additional \$1.3 million emergency levy that will be in effect for 5 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, 2010**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 2,969,944
Investments	1,286,842
Receivables:	
Taxes	9,130,513
Intergovernmental	182,757
Interest	1,674
Inventory	20,829
Prepaid Items	195,882
Restricted Assets:	
Cash and Cash Equivalents	815,061
Deferred Charges	175,677
Capital Assets:	
Nondepreciable Capital Assets	452,554
Depreciable Capital Assets, Net	<u>16,106,937</u>
Total Capital Assets, Net	<u>16,559,491</u>
Total Assets	<u>31,338,670</u>
Liabilities:	
Accounts Payable	78,343
Accrued Wages and Benefits	1,350,240
Intergovernmental Payable	380,378
Unearned Revenue - Taxes	7,398,202
Early Retirement Incentive Payable	20,176
Accrued Interest Payable	43,675
Long Term Liabilities:	
Due Within One Year	948,377
Due in More Than One Year	<u>15,955,395</u>
Total Liabilities	<u>26,174,786</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,693,125
Restricted For:	
Capital Projects	829,813
Debt Service	1,072,423
Other Purposes	815,061
Unrestricted (Deficit)	<u>(246,538)</u>
Total Net Assets	<u>\$ 5,163,884</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2010

		Program Revenues		Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 10,537,518	\$ 158,698	\$ 965,158	\$ (9,413,662)
Support Services:				
Pupils	1,030,058	59,040	123,550	(847,468)
Instructional Staff	374,083	0	121,115	(252,968)
Board of Education	11,787	0	0	(11,787)
Administration	1,450,432	0	0	(1,450,432)
Fiscal Services	504,185	0	330	(503,855)
Business	34,831	0	5,000	(29,831)
Operation and Maintenance of Plant	1,236,884	0	0	(1,236,884)
Pupil Transportation	631,971	0	0	(631,971)
Central	291,401	0	9,145	(282,256)
Operation of Non-Instructional Services:				
Community Services	10,722	0	7,925	(2,797)
Food Service Operations	629,322	256,785	286,554	(85,983)
Extracurricular Activities	713,070	109,350	45,859	(557,861)
Interest and Fiscal Charges	985,299	0	0	(985,299)
Total Governmental Activities	\$ 18,441,563	\$ 583,873	\$ 1,564,636	(16,293,054)
General Revenues				
Property Taxes Levied for:				
General Purposes				7,924,272
Debt Service				1,332,583
Capital Outlay				207,989
Grants and Entitlements not Restricted to Specific Programs				6,198,597
Investment Earnings				19,132
Miscellaneous				507,269
Total General Revenues				16,189,842
Change in Net Assets				(103,212)
Net Assets Beginning of Year, Restated				5,267,096
Net Assets End of Year				\$ 5,163,884

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2010

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 760,572	\$ 880,415	\$ 758,181	\$ 570,776	\$ 2,969,944
Investments	1,286,842	0	0	0	1,286,842
Receivables:					
Taxes	7,687,118	1,241,993	201,402	0	9,130,513
Intergovernmental	0	0	0	182,757	182,757
Interest	1,674	0	0	0	1,674
Interfund Loan Receivable	7,882	0	0	0	7,882
Inventory	0	0	0	20,829	20,829
Prepaid Items	187,807	0	0	8,075	195,882
Restricted Assets:					
Cash and Cash Equivalents	815,061	0	0	0	815,061
Total Assets	\$ 10,746,956	\$ 2,122,408	\$ 959,583	\$ 782,437	\$ 14,611,384
Liabilities:					
Accounts Payable	\$ 64,854	\$ 0	\$ 1,323	\$ 12,166	\$ 78,343
Accrued Wages and Benefits	1,249,858	0	0	100,382	1,350,240
Intergovernmental Payable	355,103	0	0	25,275	380,378
Interfund Loans Payable	0	0	0	7,882	7,882
Deferred Revenue - Taxes	6,651,268	1,066,503	174,572	0	7,892,343
Deferred Revenue	1,020	0	0	95,773	96,793
Early Retirement Incentive Payable	20,176	0	0	0	20,176
Compensated Absences Payable	54,719	0	0	0	54,719
Total Liabilities	8,396,998	1,066,503	175,895	241,478	9,880,874
Fund Balances:					
Reserved for Encumbrances	222,186	0	209,437	21,163	452,786
Reserved for Prepaid Items	187,807	0	0	8,075	195,882
Reserved for Supplies Inventory	0	0	0	20,829	20,829
Reserved for Debt Service	0	880,415	0	0	880,415
Reserved for Property Taxes	1,035,850	175,490	26,830	0	1,238,170
Statutory Reserves	815,061	0	0	0	815,061
Unreserved, Designated for Budget Stabilization	10,026	0	0	0	10,026
Unreserved, Undesignated in:					
General Fund	79,028	0	0	0	79,028
Special Revenue Funds	0	0	0	455,673	455,673
Capital Projects Funds	0	0	547,421	35,219	582,640
Total Fund Balances	2,349,958	1,055,905	783,688	540,959	4,730,510
Total Liabilities and Fund Balances	\$ 10,746,956	\$ 2,122,408	\$ 959,583	\$ 782,437	\$ 14,611,384

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, 2010

Total Governmental Fund Balances	\$ 4,730,510
<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.	16,559,491
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	590,934
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds Payable	(13,393,704)
Deferred Loss on refunding (to be amortized over life of debt)	471,498
Deferred Charge for Issuance Costs (to be amortized over life of debt)	175,677
Issuance Premium (to be amortized over life of debt)	(950,302)
Interest Accretion (to be amortized as interest expense)	(1,530,049)
Capital Leases Payable	(169,535)
Compensated Absences Payable	(1,276,961)
Accrued Interest Payable	(43,675)
	<u>(16,717,051)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 5,163,884</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, 2010

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local Sources:					
Taxes	\$ 7,813,334	\$ 1,313,832	\$ 204,721	\$ 0	\$ 9,331,887
Tuition	81,380	0	0	0	81,380
Food Services	0	0	0	256,785	256,785
Investment Earnings	12,626	0	8,966	946	22,538
Extracurricular Activities	0	0	0	109,350	109,350
Class Materials and Fees	0	0	0	75,966	75,966
Intergovernmental - State	5,966,165	220,495	55,911	28,447	6,271,018
Intergovernmental - Federal	0	0	0	1,409,484	1,409,484
All Other Revenue	324,473	0	0	243,139	567,612
Total Revenues	14,197,978	1,534,327	269,598	2,124,117	18,126,020
Expenditures:					
Current:					
Instruction	9,016,670	0	207,113	749,399	9,973,182
Supporting Services:					
Pupils	720,005	0	0	262,324	982,329
Instructional Staff	272,965	0	0	77,660	350,625
Board of Education	11,787	0	0	0	11,787
Administration	1,396,787	0	0	0	1,396,787
Fiscal Services	471,213	21,629	3,510	330	496,682
Business	18,582	0	0	16,249	34,831
Operation and Maintenance of Plant	1,168,957	0	0	0	1,168,957
Pupil Transportation	556,111	0	0	0	556,111
Central	269,671	0	0	9,648	279,319
Operation of Non-Instructional Services:					
Community Services	0	0	0	10,722	10,722
Food Service Operations	3,532	0	0	591,316	594,848
Extracurricular Activities	303,796	0	0	240,066	543,862
Capital Outlay	59,117	0	32,267	100	91,484
Debt Service:					
Principal Retirement	45,875	775,000	0	0	820,875
Interest and Fiscal Charges	11,665	542,444	0	0	554,109
Total Expenditures	14,326,733	1,339,073	242,890	1,957,814	17,866,510

HEATH CITY SCHOOL DISTRICT

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(128,755)	195,254	26,708	166,303	259,510
Other Financing Sources (Uses):					
Sale of Capital Assets	49	0	0	0	49
Transfers In	0	0	0	20,000	20,000
Transfers Out	(20,000)	0	0	0	(20,000)
Total Other Financing Sources (Uses)	<u>(19,951)</u>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>49</u>
Net Change in Fund Balances	(148,706)	195,254	26,708	186,303	259,559
Fund Balances at Beginning of Year, Restated	2,498,664	860,651	756,980	349,556	4,465,851
Increase in Inventory Reserve	0	0	0	5,100	5,100
Fund Balances End of Year	<u>\$ 2,349,958</u>	<u>\$ 1,055,905</u>	<u>\$ 783,688</u>	<u>\$ 540,959</u>	<u>\$ 4,730,510</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, 2010***

Net Change in Fund Balances - Total Governmental Funds	\$	259,559
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(877,158)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		212,282
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.		820,875
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		2,828
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	(92,680)	
Interest Accretion	(371,922)	
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	5,100	
	(521,598)	
<i>Change in Net Assets of Governmental Activities</i>	\$	(103,212)

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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 7,420,000	\$ 7,170,651	\$ 7,162,207	\$ (8,444)
Tuition	94,200	98,895	81,380	(17,515)
Investment Earnings	45,000	45,000	13,027	(31,973)
Intergovernmental - State	5,518,000	6,301,250	6,297,970	(3,280)
All Other Revenues	301,490	325,045	324,473	(572)
Total Revenues	13,378,690	13,940,841	13,879,057	(61,784)
Expenditures:				
Current:				
Instruction	8,549,776	9,049,332	8,826,514	222,818
Support Services:				
Pupils	678,209	733,839	709,385	24,454
Instructional Staff	288,175	284,183	270,719	13,464
Board of Education	15,170	14,116	12,287	1,829
Administration	1,342,283	1,417,317	1,365,959	51,358
Fiscal Services	304,124	494,044	481,454	12,590
Business	35,822	22,615	19,925	2,690
Operation and Maintenance of Plant	1,525,767	1,452,869	1,365,250	87,619
Pupil Transportation	583,057	600,938	571,249	29,689
Central	242,042	269,048	267,729	1,319
Food Services	3,651	3,651	3,500	151
Extracurricular Activities	335,206	308,450	302,594	5,856
Capital Outlay	80,224	110,123	88,197	21,926
Total Expenditures	13,983,506	14,760,525	14,284,762	475,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	(604,816)	(819,684)	(405,705)	413,979

HEATH CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	50	100	49	(51)
Transfers Out	0	(20,000)	(20,000)	0
Advances In	6,422	6,422	6,422	0
Advances Out	0	(7,882)	(7,882)	0
Total Other Financing Sources (Uses)	6,472	(21,360)	(21,411)	(51)
Net Change in Fund Balance	(598,344)	(841,044)	(427,116)	413,928
Fund Balance at Beginning of Year	2,852,287	2,852,287	2,852,287	0
Prior Year Encumbrances	163,507	163,507	163,507	0
Fund Balance at End of Year	\$ 2,417,450	\$ 2,174,750	\$ 2,588,678	\$ 413,928

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 2,057	\$ 41,524
Total Assets	<u>2,057</u>	<u>41,524</u>
Liabilities:		
Due to Students	0	41,524
Total Liabilities	<u>0</u>	<u>41,524</u>
Net Assets:		
Unrestricted	2,057	0
Total Net Assets	<u>\$ 2,057</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, 2010

	Private Purpose Trust
	Special Trust Fund
	<u> </u>
Additions:	
Interest	\$ 39
Total Additions	<u>39</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>100</u>
Total Deductions	<u>100</u>
Change in Net Assets	(61)
Net Assets at Beginning of Year	<u>2,118</u>
Net Assets End of Year	<u><u>\$ 2,057</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, 2010

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 58 noncertified and approximately 115 certified teaching personnel and administrative employees providing education to 1,681 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. 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, 2010

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, 2010

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, 2010

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, 2010, but which were levied to finance fiscal year 2011 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, 2010, and which are not intended to finance fiscal 2010 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, 2010 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, 2010

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 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, 2010

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 2010.

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, 2010**

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:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	(\$148,706)
Increase (Decrease):	
Accrued Revenues	
at June 30, 2010,	
received during FY 2011	(1,044,386)
Accrued Revenues	
at June 30, 2009,	
received during FY 2010	718,608
Accrued Expenditures	
at June 30, 2010,	
paid during FY 2011	1,744,710
Accrued Expenditures	
at June 30, 2009,	
paid during FY 2010	(1,267,784)
FY 2009 Prepays for FY 2010	32,046
FY 2010 Prepays for FY 2011	(187,807)
Encumbrances Outstanding	(273,797)
Budget Basis	(\$427,116)

F. Cash and Cash Equivalents

During fiscal year 2010, 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, 2010

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 2010. 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, 2010. 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, 2010, 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, 2010***

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	5-30
Vehicles	8

K. Long-Term Obligations

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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 \$815,061 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, 2010.

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, 2010

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 2010. 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 2010, the District had no special items.

HEATH CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

NOTE 2 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENT OF NET ASSETS/FUND BALANCES

During the fiscal year ended June 30, 2010, the District corrected the taxes receivable in the Statement of Net Assets for Governmental Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances. The correction resulted in the restatement of net assets at June 30, 2009 of the Governmental Activities and the restatement of the fund balance of the General Fund as follows:

	Governmental Activities	General Fund
Net Assets/Fund Balance at June 30, 2009 as reported	\$5,867,096	\$3,098,664
Correction of Taxes Receivable	(600,000)	(600,000)
Net Assets/Fund Balance at June 30, 2009 as restated	<u>\$5,267,096</u>	<u>\$2,498,664</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 3 – 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	\$37,333
Depreciation Expense	(914,491)
	(\$877,158)

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$132,957
Increase in Intergovernmental Grants Receivable	82,731
Decrease in Interest Earnings	(3,406)
	\$212,282

Amount of bond and lease principal payments:

Bond Principal Payment	\$740,000
Long-term Notes Payable	35,000
Capital Lease Payment	45,875
	\$820,875

NOTE 4 - COMPLIANCE

Excess Appropriations over Estimated Revenues - Ohio Revised Code Section 5705.39 requires that appropriations do not exceed estimated revenues. Appropriations exceeded estimated revenues in the following funds at June 30, 2010:

Fund	Excess
Nonmajor Special Revenue Fund:	
Title I Fund	\$ 46,505

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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

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

A. Deposits

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

At year end the carrying amount of the District's deposits was (\$127,948) and the bank balance was \$151,275. Federal deposit insurance covered all of the bank balance.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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

B. Investments

The District's investments at June 30, 2010 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3 years</u>
Repurchase Agreements	\$2,374,392	*	\$2,374,392	\$0
STAR Ohio	1,585,442	AAAm ²	1,585,442	0
FNMA Note	145,000	a Aaa ¹ , AAA ²	0	145,000
FHLB Notes	624,861	b Aaa ¹ , AAA ²	349,928	274,933
FHLMC Notes	110,000	Aaa ¹ , AAA ²	0	110,000
FNMA Discount Note	303,770	Aaa ¹ , AAA ²	303,770	0
FFCC Note	99,911	Aaa ¹ , AAA ²	99,911	0
Total Investments	<u>\$5,243,376</u>		<u>\$4,713,443</u>	<u>\$529,933</u>

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

¹ Moody's Investor Service

² Standard & Poor's

^a \$100,000 FNMA Note is callable on February 23, 2011.

^b \$469,923 FHLB Notes were called on July 17, July 26, August 11, and August 25, 2010..

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, 2.8% are FNMA, 11.9% are FHLB, 2.1% are FHLMC, 5.8% are FNMA Discount Notes and 1.9% are FFCC.

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

HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$3,828,586	\$1,286,842
Certificates of Deposit (with maturities of more than 3 months)	3,300	(3,300)
Repurchase Agreements	(2,374,392)	2,374,392
STAR Ohio	(1,585,442)	1,585,442
Per GASB Statement No. 3	(\$127,948)	\$5,243,376

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, 2010:

Investments (summarized above)	\$5,243,376
Carrying amount of District's deposits	(127,948)
Fiduciary Funds - Cash and Investments	(43,581)
Total Governmental Activities - Cash and Investments	\$5,071,847

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 2010 were levied after April 1, 2009 on assessed values as of January 1, 2009, 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 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 6 - PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on values as of December 31, 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.

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. House Bill No. 66 was to hold districts harmless by replacing a portion of the revenue lost by the District due to the phasing out of the tax. In fiscal years 2006-2009, the District was fully reimbursed for the lost revenue. In fiscal years 2010-2018, the District will not be reimbursed for the lost revenue.

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 2010, upon which the 2009 levies were based, were as follows:

	Assessed Values for Collection in:	
	2009 Second Half	2010 First Half
Agricultural/Residential and Other Real Estate	\$244,538,400	\$243,252,830
Public Utility Personal	5,906,570	5,787,400
Tangible Personal Property	510,015	536,600
Total Assessed Value	<u>\$250,954,985</u>	<u>\$249,576,830</u>
Tax rate per \$1,000 of assessed valuation	\$55.08	\$55.70

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of interfund receivables and payables for all funds at June 30, 2010:

	<u>Interfund Loans Receivables</u>	<u>Interfund Loans Payables</u>
General Fund	\$7,882	\$0
Nonmajor Governmental Funds	<u>0</u>	<u>7,882</u>
Totals	<u><u>\$7,882</u></u>	<u><u>\$7,882</u></u>

The Interfund Loan is a short-term loan to cover temporary cash deficits.

NOTE 9 – TRANSFERS

Following is a summary of transfers in and out for all funds for fiscal year 2010:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$20,000
Other Governmental Funds	<u>20,000</u>	<u>0</u>
Totals	<u><u>\$20,000</u></u>	<u><u>\$20,000</u></u>

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, 2010

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2010:

Historical Cost:

Class	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
<i>Capital Assets not being depreciated:</i>				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	0	13,602	0	13,602
Subtotal	<u>438,952</u>	<u>13,602</u>	<u>0</u>	<u>452,554</u>
<i>Capital Assets being depreciated:</i>				
Land Improvements	2,151,716	0	0	2,151,716
Buildings and Improvements	21,718,867	0	0	21,718,867
Machinery and Equipment	1,509,935	23,731	(29,092)	1,504,574
Vehicles	928,848	0	0	928,848
Subtotal	<u>26,309,366</u>	<u>23,731</u>	<u>(29,092)</u>	<u>26,304,005</u>
Total Cost	<u>\$26,748,318</u>	<u>\$37,333</u>	<u>(\$29,092)</u>	<u>\$26,756,559</u>

Accumulated Depreciation:

Class	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Land Improvements	(\$961,895)	(\$92,144)	\$0	(\$1,054,039)
Buildings and Improvements	(6,789,211)	(651,251)	0	(7,440,462)
Furniture, Fixtures and Equipment	(875,378)	(103,763)	29,092	(950,049)
Vehicles	(685,185)	(67,333)	0	(752,518)
Total Depreciation	<u>(\$9,311,669)</u>	<u>(\$914,491) *</u>	<u>\$29,092</u>	<u>(\$10,197,068)</u>
<i>Net Value:</i>	<u>\$17,436,649</u>			<u>\$16,559,491</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 10 - CAPITAL ASSETS (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$471,307
Support Services:	
Pupils	21,384
Instructional Staff	21,512
Administration	46,717
Fiscal Services	3,377
Operations and Maintenance of Plant	59,927
Pupil Transportation	74,217
Central	10,276
Operation of Non-Instructional Services:	
Food Service	36,566
Extracurricular Activities	169,208
Total Depreciation Expense	<u>\$914,491</u>

NOTE 11 - 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 2010, 12.78 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, 2010, 2009 and 2008 were \$194,921, \$140,417 and \$157,947 respectively, which were equal to the required contributions for each year.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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. 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, 2010, 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 2009, 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$891,874, \$884,386, and \$856,239 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2010 were \$15,154 made by the District and \$16,779 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, 2010, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which 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 105(e). For 2010, 0.46 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 2010, 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$37,171, \$92,938, and \$99,616 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 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$11,592, \$11,586, and \$11,380 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

Funding Policy – Ohio 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 2010, 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, 2010, 2009, and 2008 were \$68,606, \$68,030, and \$65,865 respectively; which were equal to the required contributions for each year.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 13 - 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, 2010 is as follows:

		Balance June 30, 2009	Issued	Retired	Balance June 30, 2010	Due Within One Year
Governmental Activities:						
Long-Term Notes Payable:						
School Bus Purchase	3.77%	\$35,000	\$0	(\$35,000)	\$0	\$0
Total Long-Term Notes Payable		<u>35,000</u>	<u>0</u>	<u>(35,000)</u>	<u>0</u>	<u>0</u>
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	955,000	0	(5,000)	950,000	5,000
School Improvement Bonds	4.35-5.6%	1,328,718	0	(590,000)	738,718	620,000
School Improvement Bonds-Refunding	2.75-4.2%	9,509,987	0	(100,000)	9,409,987	100,000
School Improvement Bonds-Refunding	3.6-4%	2,339,999	0	(45,000)	2,294,999	45,000
Subtotal General Obligation Bonds Payable		<u>14,133,704</u>	<u>0</u>	<u>(740,000)</u>	<u>13,393,704</u>	<u>770,000</u>
Premium on Refunding Bonds		1,019,245	0	(68,943)	950,302	0
Deferred Loss on Refunding		(589,374)	0	117,876	(471,498)	0
Interest Accretion		<u>1,158,127</u>	<u>371,922</u>	<u>0</u>	<u>1,530,049</u>	<u>0</u>
Total General Obligation Bonds Payable		<u>15,721,702</u>	<u>371,922</u>	<u>(691,067)</u>	<u>15,402,557</u>	<u>770,000</u>
Capital Leases		215,410	0	(45,875)	169,535	48,702
Compensated Absences		<u>1,184,281</u>	<u>231,478</u>	<u>(84,079)</u>	<u>1,331,680</u>	<u>129,675</u>
Total Governmental Activities		<u>\$17,156,393</u>	<u>\$603,400</u>	<u>(\$856,021)</u>	<u>\$16,903,772</u>	<u>\$948,377</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 13 - 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, 2010, follows:

Years	General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2011	\$770,000	\$506,133	\$48,702	\$8,838
2012	449,999	850,942	51,702	5,838
2013	288,066	1,096,070	54,888	2,652
2014	279,095	1,100,872	14,243	142
2015	286,557	1,097,785	0	0
2016-2020	3,558,735	3,408,675	0	0
2021-2025	4,911,252	2,090,562	0	0
2026-2028	2,850,000	146,782	0	0
Totals	<u>\$13,393,704</u>	<u>\$10,297,821</u>	<u>\$169,535</u>	<u>\$17,470</u>

B. Defeased Debt

In October 2005 and May 2006, the District refunded \$10,000,000 and \$2,495,000 of General Obligation Bonds for School Improvement Series 2000A, dated August 15, 2000, through the issuance of \$9,999,987 and \$2,494,999 of General Obligation Bonds. The net proceeds of the 2005 and 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$12,495,000 at June 30, 2010, 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, 2010

NOTE 14 - CAPITALIZED LEASES

The District leases several copiers under capital leases. The cost of the equipment obtained under capital leases is \$248,060, 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, 2010:

Year Ending June 30,	Capital Leases
2011	\$57,540
2012	57,540
2013	57,540
2014	14,385
Minimum Lease Payments	187,005
Less: Amount representing interest at the District's incremental borrowing rate of interest	(17,470)
Present Value of minimum lease payments	\$169,535

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2010 the District contracted with Ohio Casualty Insurance Company for various insurance coverages, as follows:

Coverage	Deductible	Aggregate
	\$250/Comprehensive	
Fleet Insurance	\$500/Collision	\$1,000,000
Buildings and Contents	\$1,000	\$37,777,500
Equipment Breakdown	\$1,000	\$37,777,500
School District Liability	\$0	\$2,000,000
Employee Benefits Liability	\$1,000	\$3,000,000
School Leaders Errors and Omissions	\$2,500	\$1,000,000
Umbrella Policy	\$0	\$1,000,000
Crime	\$0	\$50,000
Inland Marine	\$500	\$100,000
Computers	\$500	\$100,000

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 15 - 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 Medical Mutual, Inc. for commercial health care coverage.

NOTE 16 – 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, 2010, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget		Total
			Designation	Reserve	
Set-aside Cash Balance as of June 30, 2009	\$938,777	\$0	\$10,026	\$67,516	\$1,016,319
Restatement to account for prior year instructional supplies paid from General Fund	(422,069)	0	0	0	(422,069)
Set-aside Cash Balance as of June 30, 2009	516,708	0	10,026	67,516	594,250
Current Year Additions	278,386	278,386	0	0	556,772
Qualifying Offset	0	(251,944)	0	0	(251,944)
Current Year Disbursements	(47,549)	(59,638)	0	0	(107,187)
Totals	<u>\$747,545</u>	<u>(\$33,196)</u>	<u>\$10,026</u>	<u>\$67,516</u>	<u>\$791,891</u>
Balance Carried Forward to FY2011	<u>\$747,545</u>	<u>\$0</u>	<u>\$10,026</u>	<u>\$67,516</u>	<u>\$825,087</u>
Restricted Cash Balance at June 30, 2011	<u>\$747,545</u>	<u>\$0</u>	<u>\$0</u>	<u>\$67,516</u>	<u>\$815,061</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

NOTE 16 – STATUTORY RESERVES (Continued)

The District had qualifying disbursements in past years that reduced the set-aside amounts below zero for the Capital Acquisition Reserve, however, this amount may not be used to reduce the set-aside requirement for future years. The amount restricted for budget stabilization and the textbook reserve is \$815,061 and the amount designated by the District for budget stabilization is \$10,026.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

Licking Area Computer Association - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$109,270 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Streby, 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, 2010

NOTE 18 – 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, 2010.

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, 2010.

HEATH CITY SCHOOL DISTRICT

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Food Service Fund

To record financial transactions associated with food service operations.

Uniform School Supply Fund

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

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

SchoolNet Professional Development Fund

To account for professional development subsidy grants.

(Continued)

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

Interactive Video Distance Learning Grant Fund

To account for monies spent by the State on behalf of the District. The monies are used for capital assets for the interactive video distance learning project. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Other State Grants Fund

To account for various monies from State agencies which are not classified elsewhere. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Title VI-B Fund

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

Vocational Education Fund

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

State Fiscal Stabilization Fund

To account for federal revenues received from the American Recovery and Reinvestment Act (ARRA) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

Title II-D Technology Fund

To account for federal revenues received to be used for technology.

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

Drug Free Grant Fund

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

(Continued)

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

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

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

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, 2010***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 535,557	\$ 35,219	\$ 570,776
Receivables:			
Intergovernmental	182,757	0	182,757
Inventory	20,829	0	20,829
Prepaid Items	8,075	0	8,075
Total Assets	<u>\$ 747,218</u>	<u>\$ 35,219</u>	<u>\$ 782,437</u>
Liabilities:			
Accounts Payable	\$ 12,166	\$ 0	\$ 12,166
Accrued Wages and Benefits	100,382	0	100,382
Intergovernmental Payable	25,275	0	25,275
Interfund Loans Payable	7,882	0	7,882
Deferred Revenue	95,773	0	95,773
Total Liabilities	<u>241,478</u>	<u>0</u>	<u>241,478</u>
Fund Balances:			
Reserved for Encumbrances	21,163	0	21,163
Reserved for Prepaid Items	8,075	0	8,075
Reserved for Supplies Inventory	20,829	0	20,829
Unreserved, Undesignated in:			
Special Revenue Funds	455,673	0	455,673
Capital Projects Funds	0	35,219	35,219
Total Fund Balances	<u>505,740</u>	<u>35,219</u>	<u>540,959</u>
Total Liabilities and Fund Balances	<u>\$ 747,218</u>	<u>\$ 35,219</u>	<u>\$ 782,437</u>

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Local Sources:			
Food Services	\$ 256,785	\$ 0	\$ 256,785
Investment Earnings	484	462	946
Extracurricular Activities	109,350	0	109,350
Class Materials and Fees	75,966	0	75,966
Intergovernmental - State	28,447	0	28,447
Intergovernmental - Federal	1,409,484	0	1,409,484
All Other Revenue	243,139	0	243,139
Total Revenue	2,123,655	462	2,124,117
Expenditures:			
Current:			
Instruction	748,801	598	749,399
Supporting Services:			
Pupils	262,324	0	262,324
Instructional Staff	77,660	0	77,660
Fiscal Services	330	0	330
Business	16,249	0	16,249
Central	9,648	0	9,648
Operation of Non-Instructional Services:			
Community Services	10,722	0	10,722
Food Service Operations	591,316	0	591,316
Extracurricular Activities	240,066	0	240,066
Capital Outlay	0	100	100
Total Expenditures	1,957,116	698	1,957,814
Excess (Deficiency) of Revenues			
Over Expenditures	166,539	(236)	166,303
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	186,539	(236)	186,303
Fund Balances at Beginning of Year	314,101	35,455	349,556
Increase in Inventory Reserve	5,100	0	5,100
Fund Balances End of Year	\$ 505,740	\$ 35,219	\$ 540,959

HEATH CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Food Service	Uniform School Supply	Rotary	Public School Support
Assets:				
Cash and Cash Equivalents	\$ 132,273	\$ 56,526	\$ 10,392	\$ 56,409
Receivables:				
Intergovernmental	0	0	0	0
Inventory	20,829	0	0	0
Prepaid Items	8,075	0	0	0
Total Assets	\$ 161,177	\$ 56,526	\$ 10,392	\$ 56,409
Liabilities:				
Accounts Payable	\$ 0	\$ 2,558	\$ 0	\$ 2,596
Accrued Wages and Benefits	42,134	0	0	0
Intergovernmental Payable	24,588	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	66,722	2,558	0	2,596
Fund Balances:				
Reserved for Encumbrances	0	419	2,300	5,658
Reserved for Prepaid Items	8,075	0	0	0
Reserved for Supplies Inventory	20,829	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	65,551	53,549	8,092	48,155
Total Fund Balances	94,455	53,968	10,392	53,813
Total Liabilities and Fund Balances	\$ 161,177	\$ 56,526	\$ 10,392	\$ 56,409

HEATH CITY SCHOOL DISTRICT

Other Grants	District Managed Student Activity	Auxiliary Services	Management Information System	SchoolNet Professional Development	Title VI-B
\$ 8,884	\$ 14,607	\$ 5,952	\$ 2,000	\$ 9,717	\$ 92,800
0	0	0	0	0	57,038
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 8,884</u>	<u>\$ 14,607</u>	<u>\$ 5,952</u>	<u>\$ 2,000</u>	<u>\$ 9,717</u>	<u>\$ 149,838</u>
\$ 0	\$ 2,691	\$ 4,082	\$ 0	\$ 0	\$ 0
0	0	0	0	0	26,191
0	0	0	0	0	380
0	0	0	0	0	0
0	0	0	0	0	26,089
<u>0</u>	<u>2,691</u>	<u>4,082</u>	<u>0</u>	<u>0</u>	<u>52,660</u>
4,347	5,886	129	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>4,537</u>	<u>6,030</u>	<u>1,741</u>	<u>2,000</u>	<u>9,717</u>	<u>97,178</u>
<u>8,884</u>	<u>11,916</u>	<u>1,870</u>	<u>2,000</u>	<u>9,717</u>	<u>97,178</u>
<u>\$ 8,884</u>	<u>\$ 14,607</u>	<u>\$ 5,952</u>	<u>\$ 2,000</u>	<u>\$ 9,717</u>	<u>\$ 149,838</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010***

	Vocational Education	State Fiscal Stabilization	Title II-D Technology	Title I
Assets:				
Cash and Cash Equivalents	\$ 396	\$ 141,009	\$ 269	\$ 617
Receivables:				
Intergovernmental	0	0	867	100,369
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 396	\$ 141,009	\$ 1,136	\$ 100,986
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	32,057
Intergovernmental Payable	0	0	0	307
Interfund Loans Payable	0	0	0	7,882
Deferred Revenue	0	0	867	44,334
Total Liabilities	0	0	867	84,580
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	396	141,009	269	16,406
Total Fund Balances	396	141,009	269	16,406
Total Liabilities and Fund Balances	\$ 396	\$ 141,009	\$ 1,136	\$ 100,986

HEATH CITY SCHOOL DISTRICT

<u>Drug Free Grant</u>	<u>Improving Teacher Quality</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,751	\$ 1,955	\$ 535,557
0	24,483	182,757
0	0	20,829
<u>0</u>	<u>0</u>	<u>8,075</u>
<u>\$ 1,751</u>	<u>\$ 26,438</u>	<u>\$ 747,218</u>
\$ 0	\$ 239	\$ 12,166
0	0	100,382
0	0	25,275
0	0	7,882
<u>0</u>	<u>24,483</u>	<u>95,773</u>
<u>0</u>	<u>24,722</u>	<u>241,478</u>
1,500	924	21,163
0	0	8,075
0	0	20,829
<u>251</u>	<u>792</u>	<u>455,673</u>
<u>1,751</u>	<u>1,716</u>	<u>505,740</u>
<u>\$ 1,751</u>	<u>\$ 26,438</u>	<u>\$ 747,218</u>

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2010

	Food Service	Uniform School Supply	Rotary	Public School Support	Other Grants
Revenues:					
Local Sources:					
Food Services	\$ 256,785	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	378	0	22	0	0
Extracurricular Activities	0	0	0	0	0
Class Materials and Fees	0	75,966	0	0	0
Intergovernmental - State	6,047	0	0	0	0
Intergovernmental - Federal	280,507	0	0	0	0
All Other Revenue	15,333	0	6,518	138,019	16,195
Total Revenue	559,050	75,966	6,540	138,019	16,195
Expenditures:					
Current:					
Instruction	0	76,118	6,757	0	0
Supporting Services:					
Pupils	0	0	0	132,762	10,088
Instructional Staff	0	0	0	27,586	0
Fiscal Services	0	0	0	0	0
Business	0	0	0	0	0
Central	0	0	0	5,277	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Food Service Operations	591,316	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	591,316	76,118	6,757	165,625	10,088
Excess (Deficiency) of Revenues					
Over Expenditures	(32,266)	(152)	(217)	(27,606)	6,107
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	(32,266)	(152)	(217)	(27,606)	6,107
Fund Balances at Beginning of Year	121,621	54,120	10,609	81,419	2,777
Increase in Inventory Reserve	5,100	0	0	0	0
Fund Balances End of Year	\$ 94,455	\$ 53,968	\$ 10,392	\$ 53,813	\$ 8,884

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
84	0	0	0	0	0
109,350	0	0	0	0	0
0	0	0	0	0	0
0	8,255	5,000	0	9,145	0
45,859	0	0	0	0	0
67,074	0	0	0	0	0
<u>222,367</u>	<u>8,255</u>	<u>5,000</u>	<u>0</u>	<u>9,145</u>	<u>0</u>
270	0	0	0	0	101
0	0	0	0	0	0
0	0	0	0	0	0
0	330	0	0	0	0
0	0	16,249	0	0	0
0	0	0	4,371	0	0
0	10,722	0	0	0	0
0	0	0	0	0	0
240,066	0	0	0	0	0
<u>240,336</u>	<u>11,052</u>	<u>16,249</u>	<u>4,371</u>	<u>0</u>	<u>101</u>
(17,969)	(2,797)	(11,249)	(4,371)	9,145	(101)
<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>
2,031	(2,797)	(11,249)	(4,371)	9,145	(101)
9,885	4,667	13,249	4,371	572	101
0	0	0	0	0	0
<u>\$ 11,916</u>	<u>\$ 1,870</u>	<u>\$ 2,000</u>	<u>\$ 0</u>	<u>\$ 9,717</u>	<u>\$ 0</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, 2010***

	Other State Grants	Title VI-B	Vocational Education	State Fiscal Stabilization	Title II-D Technology
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	0	0	0	0	0
Intergovernmental - Federal	0	487,731	0	284,093	1,298
All Other Revenue	0	0	0	0	0
Total Revenue	0	487,731	0	284,093	1,298
Expenditures:					
Current:					
Instruction	0	272,131	0	143,084	0
Supporting Services:					
Pupils	9,070	106,022	0	0	0
Instructional Staff	0	20,508	0	0	1,029
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	9,070	398,661	0	143,084	1,029
Excess (Deficiency) of Revenues					
Over Expenditures	(9,070)	89,070	0	141,009	269
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	(9,070)	89,070	0	141,009	269
Fund Balances at Beginning of Year	9,070	8,108	396	0	0
Increase in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ 0	\$ 97,178	\$ 396	\$ 141,009	\$ 269

HEATH CITY SCHOOL DISTRICT

Title I	Title V	Drug Free Grant	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 256,785
0	0	0	0	0	484
0	0	0	0	0	109,350
0	0	0	0	0	75,966
0	0	0	0	0	28,447
281,185	1,116	5,635	22,060	0	1,409,484
0	0	0	0	0	243,139
<u>281,185</u>	<u>1,116</u>	<u>5,635</u>	<u>22,060</u>	<u>0</u>	<u>2,123,655</u>
249,052	1,240	48	0	0	748,801
0	0	4,382	0	0	262,324
4,622	0	0	23,658	257	77,660
0	0	0	0	0	330
0	0	0	0	0	16,249
0	0	0	0	0	9,648
0	0	0	0	0	10,722
0	0	0	0	0	591,316
0	0	0	0	0	240,066
<u>253,674</u>	<u>1,240</u>	<u>4,430</u>	<u>23,658</u>	<u>257</u>	<u>1,957,116</u>
27,511	(124)	1,205	(1,598)	(257)	166,539
<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>	<u>20,000</u>
27,511	(124)	1,205	(1,598)	(257)	186,539
(11,105)	124	546	3,314	257	314,101
0	0	0	0	0	5,100
<u>\$ 16,406</u>	<u>\$ 0</u>	<u>\$ 1,751</u>	<u>\$ 1,716</u>	<u>\$ 0</u>	<u>\$ 505,740</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, 2010

	<u>Building</u>	<u>Vocational Education Equipment</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Local Sources:			
Investment Earnings	\$ 462	\$ 0	\$ 462
Total Revenue	<u>462</u>	<u>0</u>	<u>462</u>
Expenditures:			
Current:			
Instruction	0	598	598
Capital Outlay	100	0	100
Total Expenditures	<u>100</u>	<u>598</u>	<u>698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	362	(598)	(236)
Fund Balances at Beginning of Year	<u>34,857</u>	<u>598</u>	<u>35,455</u>
Fund Balances End of Year	<u>\$ 35,219</u>	<u>\$ 0</u>	<u>\$ 35,219</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, 2010***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,235,152	\$ 1,201,735	\$ (33,417)
Intergovernmental - State	278,465	276,739	(1,726)
Total Revenues	1,513,617	1,478,474	(35,143)
Expenditures:			
Current:			
Support Services:			
Fiscal Services	22,500	21,629	871
Debt Service:			
Principal Retirement	775,000	775,000	0
Interest and Fiscal Charges	542,444	542,444	0
Total Debt Service	1,317,444	1,317,444	0
Total Expenditures	1,339,944	1,339,073	871
Excess (Deficiency) of Revenues Over (Under) Expenditures	173,673	139,401	(34,272)
Fund Balance at Beginning of Year	741,014	741,014	0
Fund Balance at End of Year	\$ 914,687	\$ 880,415	\$ (34,272)

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, 2010***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Taxes	\$ 188,650	\$ 187,960	\$ (690)
Investment Earnings	8,967	8,966	(1)
Intergovernmental - State	64,020	63,984	(36)
All Other Revenues	50	0	(50)
Total Revenues	261,687	260,910	(777)
Expenditures:			
Instructional Services	385,095	358,177	26,918
Support Services:			
Fiscal Services	5,000	3,510	1,490
Capital Outlay	105,500	102,465	3,035
Total Expenditures	495,595	464,152	31,443
Excess (Deficiency) of Revenues Over (Under) Expenditures	(233,908)	(203,242)	30,666
Fund Balance at Beginning of Year	691,477	691,477	0
Prior Year Encumbrances	59,186	59,186	0
Fund Balance at End of Year	\$ 516,755	\$ 547,421	\$ 30,666

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, 2010***

FOOD SERVICE FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Food Services	\$ 300,000	\$ 256,785	\$ (43,215)
Investment Earnings	500	378	(122)
Intergovernmental - State	8,400	6,047	(2,353)
Intergovernmental - Federal	212,400	212,381	(19)
All Other Revenues	<u>15,335</u>	<u>15,333</u>	<u>(2)</u>
Total Revenues	<u>536,635</u>	<u>490,924</u>	<u>(45,711)</u>
Expenditures:			
Non-Instructional Services:			
Food Service Operations	<u>519,689</u>	<u>510,481</u>	<u>9,208</u>
Total Expenditures	<u>519,689</u>	<u>510,481</u>	<u>9,208</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,946	(19,557)	(36,503)
Fund Balance at Beginning of Year	151,130	151,130	0
Prior Year Encumbrances	<u>700</u>	<u>700</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 168,776</u>	<u>\$ 132,273</u>	<u>\$ (36,503)</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, 2010***

UNIFORM SCHOOL SUPPLY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Class Materials and Fees	\$ 85,455	\$ 75,966	\$ (9,489)
Total Revenues	<u>85,455</u>	<u>75,966</u>	<u>(9,489)</u>
Expenditures:			
Instructional Services	<u>121,544</u>	<u>76,540</u>	<u>45,004</u>
Total Expenditures	<u>121,544</u>	<u>76,540</u>	<u>45,004</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,089)	(574)	35,515
Fund Balance at Beginning of Year	45,981	45,981	0
Prior Year Encumbrances	<u>8,139</u>	<u>8,139</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,031</u>	<u>\$ 53,546</u>	<u>\$ 35,515</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, 2010***

	ROTARY FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Investment Earnings	\$ 80	\$ 22	\$ (58)
All Other Revenues	<u>6,630</u>	<u>6,518</u>	<u>(112)</u>
Total Revenues	<u>6,710</u>	<u>6,540</u>	<u>(170)</u>
Expenditures:			
Instructional Services	<u>9,092</u>	<u>9,057</u>	<u>35</u>
Total Expenditures	<u>9,092</u>	<u>9,057</u>	<u>35</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,382)	(2,517)	(135)
Fund Balance at Beginning of Year	<u>10,609</u>	<u>10,609</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 8,227</u></u>	<u><u>\$ 8,092</u></u>	<u><u>\$ (135)</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, 2010***

PUBLIC SCHOOL SUPPORT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 157,890	\$ 138,019	\$ (19,871)
Total Revenues	<u>157,890</u>	<u>138,019</u>	<u>(19,871)</u>
Expenditures:			
Support Services:			
Pupils	155,045	136,333	18,712
Instructional Staff	29,371	27,586	1,785
Central	10,209	9,014	1,195
Total Expenditures	<u>194,625</u>	<u>172,933</u>	<u>21,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,735)	(34,914)	1,821
Fund Balance at Beginning of Year	75,164	75,164	0
Prior Year Encumbrances	6,255	6,255	0
Fund Balance at End of Year	<u>\$ 44,684</u>	<u>\$ 46,505</u>	<u>\$ 1,821</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, 2010***

OTHER GRANTS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 16,200	\$ 16,195	\$ (5)
Total Revenues	<u>16,200</u>	<u>16,195</u>	<u>(5)</u>
Expenditures:			
Support Services:			
Pupils	15,805	14,435	1,370
Fiscal Services	<u>1,077</u>	<u>0</u>	<u>1,077</u>
Total Expenditures	<u>16,882</u>	<u>14,435</u>	<u>2,447</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(682)	1,760	2,442
Fund Balance at Beginning of Year	<u>2,777</u>	<u>2,777</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,095</u>	<u>\$ 4,537</u>	<u>\$ 2,442</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, 2010***

DISTRICT MANAGED STUDENT ACTIVITY FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ 450	\$ 84	\$ (366)
Extracurricular Activities	112,920	109,350	(3,570)
Intergovernmental - Federal	45,860	45,859	(1)
All Other Revenues	<u>68,700</u>	<u>67,074</u>	<u>(1,626)</u>
Total Revenues	<u>227,930</u>	<u>222,367</u>	<u>(5,563)</u>
Expenditures:			
Extracurricular Activities	<u>251,838</u>	<u>251,838</u>	<u>0</u>
Total Expenditures	<u>251,838</u>	<u>251,838</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,908)	(29,471)	(5,563)
Other Financing Sources (Uses):			
Transfers In	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Net Change in Fund Balance	(3,908)	(9,471)	(5,563)
Fund Balance at Beginning of Year	7,148	7,148	0
Prior Year Encumbrances	<u>8,353</u>	<u>8,353</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,593</u>	<u>\$ 6,030</u>	<u>\$ (5,563)</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, 2010***

AUXILIARY SERVICES FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 8,275	\$ 8,255	\$ (20)
Total Revenues	8,275	8,255	(20)
Expenditures:			
Support Services:			
Fiscal Services	330	330	0
Community Services	12,592	10,851	1,741
Total Expenditures	12,922	11,181	1,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,647)	(2,926)	1,721
Fund Balance at Beginning of Year	30	30	0
Prior Year Encumbrances	4,637	4,637	0
Fund Balance at End of Year	\$ 20	\$ 1,741	\$ 1,721

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, 2010***

MANAGEMENT INFORMATION SYSTEM FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 5,000	\$ 5,000	\$ 0
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Expenditures:			
Support Services:			
Business	<u>16,249</u>	<u>16,249</u>	<u>0</u>
Total Expenditures	<u>16,249</u>	<u>16,249</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,249)	(11,249)	0
Fund Balance at Beginning of Year	<u>13,249</u>	<u>13,249</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,000</u></u>	<u><u>\$ 2,000</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, 2010***

DATA COMMUNICATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Support Services:			
Central	4,371	4,371	0
Total Expenditures	<u>4,371</u>	<u>4,371</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,371)	(4,371)	0
Fund Balance at Beginning of Year	4,371	4,371	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010***

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 9,150	\$ 9,145	\$ (5)
Total Revenues	<u>9,150</u>	<u>9,145</u>	<u>(5)</u>
Expenditures:			
Support Services:			
Central	4,000	0	4,000
Total Expenditures	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,150	9,145	3,995
Fund Balance at Beginning of Year	572	572	0
Fund Balance at End of Year	<u>\$ 5,722</u>	<u>\$ 9,717</u>	<u>\$ 3,995</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, 2010***

INTERACTIVE VIDEO DISTANCE LEARNING GRANT FUND

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

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010***

OTHER STATE GRANTS 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:			
Pupils	9,070	9,070	0
Total Expenditures	<u>9,070</u>	<u>9,070</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,070)	(9,070)	0
Fund Balance at Beginning of Year	9,070	9,070	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010***

TITLE VI-B FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 679,265	\$ 474,636	\$ (204,629)
Total Revenues	<u>679,265</u>	<u>474,636</u>	<u>(204,629)</u>
Expenditures:			
Instructional Services:	530,584	272,693	257,891
Support Services:			
Pupils	142,212	105,809	36,403
Instructional Staff	<u>20,451</u>	<u>17,316</u>	<u>3,135</u>
Total Expenditures	<u>693,247</u>	<u>395,818</u>	<u>297,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,982)	78,818	92,800
Fund Balance at Beginning of Year	<u>13,982</u>	<u>13,982</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 92,800</u>	<u>\$ 92,800</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, 2010***

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	396	0	396
Total Expenditures	<u>396</u>	<u>0</u>	<u>396</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(396)	0	396
Fund Balance at Beginning of Year	396	396	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 396</u>	<u>\$ 396</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, 2010***

STATE FISCAL STABILIZATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 284,093	\$ 284,093	\$ 0
Total Revenues	<u>284,093</u>	<u>284,093</u>	<u>0</u>
Expenditures:			
Instructional Services	215,593	143,084	72,509
Total Expenditures	<u>215,593</u>	<u>143,084</u>	<u>72,509</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,500	141,009	72,509
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 68,500</u>	<u>\$ 141,009</u>	<u>\$ 72,509</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, 2010***

TITLE II-D TECHNOLOGY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 2,170	\$ 1,298	\$ (872)
Total Revenues	2,170	1,298	(872)
Expenditures:			
Support Services:			
Instructional Staff	2,165	1,029	1,136
Total Expenditures	2,165	1,029	1,136
Excess (Deficiency) of Revenues Over (Under) Expenditures	5	269	264
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 5	\$ 269	\$ 264

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, 2010***

TITLE I FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 370,429	\$ 251,098	\$ (119,331)
Total Revenues	370,429	251,098	(119,331)
Expenditures:			
Instructional Services	410,637	247,319	163,318
Support Services:			
Instructional Staff	7,757	4,622	3,135
Total Expenditures	418,394	251,941	166,453
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,965)	(843)	47,122
Other Financing Sources (Uses):			
Advances In	7,882	7,882	0
Advances Out	(6,422)	(6,422)	0
Total Other Financing Sources (Uses):	1,460	1,460	0
Net Change in Fund Balance	(46,505)	617	47,122
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ (46,505)	\$ 617	\$ 47,122

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, 2010***

TITLE V FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 1,116	\$ 1,116	\$ 0
Total Revenues	1,116	1,116	0
Expenditures:			
Instructional Services	1,240	1,240	0
Total Expenditures	1,240	1,240	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(124)	(124)	0
Fund Balance at Beginning of Year	124	124	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010***

DRUG FREE GRANT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - Federal	\$ 5,635	\$ 5,635	\$ 0
Total Revenues	<u>5,635</u>	<u>5,635</u>	<u>0</u>
Expenditures:			
Instructional Services	48	48	0
Support Services:			
Instructional Staff	<u>6,133</u>	<u>5,882</u>	<u>251</u>
Total Expenditures	<u>6,181</u>	<u>5,930</u>	<u>251</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(546)	(295)	251
Fund Balance at Beginning of Year	<u>546</u>	<u>546</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 251</u>	<u>\$ 251</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, 2010***

IMPROVING TEACHER QUALITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 47,036	\$ 22,156	\$ (24,880)
Total Revenues	47,036	22,156	(24,880)
Expenditures:			
Support Services:			
Instructional Staff	49,856	24,582	25,274
Total Expenditures	49,856	24,582	25,274
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,820)	(2,426)	394
Fund Balance at Beginning of Year	2,705	2,705	0
Prior Year Encumbrances	513	513	0
Fund Balance at End of Year	\$ 398	\$ 792	\$ 394

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, 2010***

OTHER FEDERAL GRANTS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Support Services:			
Instructional Staff	<u>257</u>	<u>257</u>	<u>0</u>
Total Expenditures	<u>257</u>	<u>257</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(257)	(257)	0
Fund Balance at Beginning of Year	<u>257</u>	<u>257</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2010***

BUILDING FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ 500	\$ 462	\$ (38)
Total Revenues	<u>500</u>	<u>462</u>	<u>(38)</u>
Expenditures:			
Capital Outlay	<u>100</u>	<u>100</u>	<u>0</u>
Total Expenditures	<u>100</u>	<u>100</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	400	362	(38)
Fund Balance at Beginning of Year	<u>34,857</u>	<u>34,857</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,257</u>	<u>\$ 35,219</u>	<u>\$ (38)</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, 2010***

VOCATIONAL EDUCATION EQUIPMENT FUND

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

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, 2010***

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$50,943	\$103,802	(\$113,221)	\$41,524
Total Assets	<u>\$50,943</u>	<u>\$103,802</u>	<u>(\$113,221)</u>	<u>\$41,524</u>
Liabilities:				
Due to Students	\$50,943	\$103,802	(\$113,221)	\$41,524
Total Liabilities	<u>\$50,943</u>	<u>\$103,802</u>	<u>(\$113,221)</u>	<u>\$41,524</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, 2010***

Capital Assets

Land	\$438,952
Land Improvements	2,151,716
Buildings and Improvements	21,718,867
Machinery and Equipment	1,504,574
Vehicles	928,848
Construction In Progress	13,602
Total Capital Assets	<u><u>\$26,756,559</u></u>

Investment in Capital Assets from:

General Fund	\$5,759,565
Special Revenue Fund	752,231
Capital Project Funds	20,244,763
Total Investment in Capital Assets	<u><u>\$26,756,559</u></u>

HEATH CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2010***

Function and Activity	Land	Construction in Progress	Land Improvements
Instruction	\$0	\$0	\$817,068
Support Services:			
Pupils	0		0
Instructional Staff	0	0	0
Administration	0	0	0
Fiscal Services	0		0
Business	0	0	0
Operation and Maintenance of Plant	0	13,602	0
Pupil Transportation	0	0	121,739
Central	0	0	0
Operations of Non-Instructional Services:			
Food Service Operations	0		0
Extracurricular Activities	0	0	1,212,909
Facility Acquisition and Improvement	438,952	0	0
Total Capital Assets	<u>\$438,952</u>	<u>\$13,602</u>	<u>\$2,151,716</u>

HEATH CITY SCHOOL DISTRICT

Buildings and Improvements	Machinery and Equipment	Vehicles	Total
\$21,017,568	\$921,245	\$0	\$22,755,881
0	14,573	0	14,573
0	214,558	0	214,558
116,806	99,635	0	216,441
0	15,085	0	15,085
0	19,902	0	19,902
107,000	26,392	75,935	222,929
349,642	9,613	852,913	1,333,907
0	12,449	0	12,449
0	82,182	0	82,182
127,851	88,940	0	1,429,700
0	0	0	438,952
<u>\$21,718,867</u>	<u>\$1,504,574</u>	<u>\$928,848</u>	<u>\$26,756,559</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, 2010***

Function and Activity	June 30, 2009	Additions	Deletions	June 30, 2010
Instruction	\$22,748,531	\$7,350	\$0	\$22,755,881
Support Services:				
Pupils	14,573	0	0	14,573
Instructional Staff	220,047	0	(5,489)	214,558
Administration	216,441	0	0	216,441
Fiscal Services	15,085	0	0	15,085
Business	19,902	0	0	19,902
Operation and Maintenance of Plant	209,327	13,602	0	222,929
Pupil Transportation	1,333,907	0	0	1,333,907
Central	36,052	0	(23,603)	12,449
Operations of Non-Instructional Services:				
Food Service Operations	65,801	16,381	0	82,182
Extracurricular Activities	1,429,700	0	0	1,429,700
Facility Acquisition and Improvement	438,952	0	0	438,952
Total Capital Assets	<u>\$26,748,318</u>	<u>\$37,333</u>	<u>(\$29,092)</u>	<u>\$26,756,559</u>

STATISTICAL SECTION



HEATH CITY SCHOOL DISTRICT

STATISTICAL TABLES

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

Contents

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

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. 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 Seven Years
(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
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>

* Restated

Source: District Treasurer's Office

Heath City School District

2008	2009	2010
	*	
\$2,834,908	\$2,811,504	\$2,693,125
887,090	800,073	829,813
720,704	855,590	1,072,423
759,384	1,006,293	815,061
(160,090)	(206,364)	(246,538)
\$5,041,996	\$5,267,096	\$5,163,884
\$2,834,908	\$2,811,504	\$2,693,125
2,367,178	2,661,956	2,717,297
(160,090)	(206,364)	(246,538)
\$5,041,996	\$5,267,096	\$5,163,884

Heath City School District

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

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

Heath City School District

2007	2008	2009	2010
\$8,926,735	\$9,085,543	\$9,646,810	\$10,537,518
799,648	810,305	865,694	1,030,058
414,699	378,349	350,010	374,083
9,322	10,855	12,061	11,787
1,267,292	1,254,840	1,333,496	1,450,432
529,640	487,384	514,732	504,185
32,881	44,304	41,636	34,831
1,398,886	1,353,411	1,317,583	1,236,884
575,485	631,807	589,078	631,971
237,093	250,355	243,900	291,401
6,483	5,951	5,125	10,722
550,878	560,347	592,736	629,322
598,363	616,595	728,693	713,070
939,196	941,017	963,173	985,299
<u>\$16,286,601</u>	<u>\$16,431,063</u>	<u>\$17,204,727</u>	<u>\$18,441,563</u>
\$217,244	\$173,950	\$186,639	\$158,698
36,026	1,907	3,856	59,040
291,284	292,224	298,338	256,785
97,200	105,913	104,348	109,350
849,020	975,399	922,259	1,564,636
0	5,416	12,068	0
<u>1,490,774</u>	<u>1,554,809</u>	<u>1,527,508</u>	<u>2,148,509</u>

(Continued)

Heath City School District

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

	2004	2005	2006
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>

* Restated

Source: District Treasurer's Office

Heath City School District

2007	2008	2009	2010
		*	
(14,795,827)	(14,876,254)	(15,677,219)	(16,293,054)
<u>(\$14,795,827)</u>	<u>(\$14,876,254)</u>	<u>(\$15,677,219)</u>	<u>(\$16,293,054)</u>
\$7,012,225	\$7,716,065	\$7,530,679	\$7,924,272
1,435,903	1,351,190	1,234,411	1,332,583
128,674	212,373	198,766	207,989
5,410,791	5,871,413	6,331,894	6,198,597
223,690	189,225	84,071	19,132
355,100	377,953	522,498	507,269
<u>\$14,566,383</u>	<u>\$15,718,219</u>	<u>\$15,902,319</u>	<u>\$16,189,842</u>
0	0	0	0
0	0	0	0
(229,444)	841,965	225,100	(103,212)
<u>(\$229,444)</u>	<u>\$841,965</u>	<u>\$225,100</u>	<u>(\$103,212)</u>

Heath City School District

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

	2001	2002	2003	2004
General Fund				
Reserved	\$1,020,738	\$773,197	\$871,544	\$1,058,231
Unreserved	(979,517)	(841,230)	(436,229)	15,056
<i>Total General Fund</i>	<u>41,221</u>	<u>(68,033)</u>	<u>435,315</u>	<u>1,073,287</u>
All Other Governmental Funds				
Reserved	3,530,053	1,872,062	183,823	185,735
Unreserved, Undesignated in:				
Special Revenue Funds	159,078	143,442	135,060	208,146
Debt Service Funds	(325,000)	(162,500)	(37,500)	0
Capital Projects Funds	12,299,514	962,485	35,155	24,036
<i>Total All Other Governmental Funds</i>	<u>15,663,645</u>	<u>2,815,489</u>	<u>316,538</u>	<u>417,917</u>
<i>Total Governmental Funds</i>	<u><u>\$15,704,866</u></u>	<u><u>\$2,747,456</u></u>	<u><u>\$751,853</u></u>	<u><u>\$1,491,204</u></u>

* Restated

Source: District Treasurer's Office

Heath City School District

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
				*	
\$1,087,811	\$1,040,193	\$1,137,953	\$1,237,003	\$1,561,877	\$2,270,930
<u>164,873</u>	<u>21,354</u>	<u>25,821</u>	<u>600,692</u>	<u>936,787</u>	<u>79,028</u>
<u>1,252,684</u>	<u>1,061,547</u>	<u>1,163,774</u>	<u>1,837,695</u>	<u>2,498,664</u>	<u>2,349,958</u>
244,300	734,089	741,159	841,806	961,056	1,342,239
211,556	247,222	261,747	304,652	272,882	455,673
0	0	0	0	0	0
<u>954,517</u>	<u>663,834</u>	<u>599,020</u>	<u>802,480</u>	<u>733,249</u>	<u>582,640</u>
<u>1,410,373</u>	<u>1,645,145</u>	<u>1,601,926</u>	<u>1,948,938</u>	<u>1,967,187</u>	<u>2,380,552</u>
<u>\$2,663,057</u>	<u>\$2,706,692</u>	<u>\$2,765,700</u>	<u>\$3,786,633</u>	<u>\$4,465,851</u>	<u>\$4,730,510</u>

Heath City School District

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

	2001	2002	2003	2004
Revenues:				
Local Sources:				
Taxes	\$6,810,534	\$7,315,048	\$7,749,658	\$8,014,207
Tuition	109,700	113,533	111,934	108,289
Food Service	0	0	0	280,018
Investment Earnings	1,733,133	439,605	38,253	23,310
Extracurricular Activities	60,091	58,882	62,599	63,930
Class Materials and Fees	0	0	0	82,661
Intergovernmental - State	2,800,322	3,739,966	4,107,266	4,540,879
Intergovernmental - Federal	210,315	169,735	268,179	623,193
All Other Revenue	180,683	170,827	318,297	334,750
Total Revenue	11,904,778	12,007,596	12,656,186	14,071,237
Expenditures:				
Current:				
Instruction	6,005,364	6,080,461	6,361,749	6,877,822
Supporting Services:				
Pupils	540,511	570,355	606,857	645,741
Instructional Staff	401,606	421,002	320,171	410,181
Board of Education	24,182	10,571	18,195	13,610
Administration	949,301	994,557	1,009,182	1,077,687
Fiscal Services	337,232	386,531	405,747	460,016
Business	28,461	17,890	29,763	31,456
Operation and Maintenance of Plant	863,407	1,113,117	1,540,828	1,364,636
Pupil Transportation	448,592	314,004	430,318	350,581
Central	133,836	200,225	223,603	218,065
Operation of Non-Instructional Services				
Community Services	14,972	1,326	7,109	4,139
Food Service Operations (1)	0	0	0	438,548
Extracurricular Activities	305,602	320,516	371,122	355,806
Other Expenditures	74,539	43,400	2,481	0
Capital Outlay	3,276,324	13,226,559	2,096,952	151,606
Debt Service:				
Principal Retirement	195,000	303,350	325,000	395,000
Interest and Fiscal Charges	1,404,496	961,142	946,098	929,204
Total Expenditures	15,003,425	24,965,006	14,695,175	13,724,098
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,098,647)	(12,957,410)	(2,038,989)	347,139

Heath City School District

2005	2006	2007	2008	2009	2010
				*	
\$8,217,228	\$8,316,370	\$8,973,456	\$9,177,281	\$8,961,555	\$9,331,887
88,595	78,323	132,640	97,851	93,116	81,380
281,668	300,649	291,284	292,224	298,338	256,785
81,707	158,998	224,641	191,210	83,550	22,538
74,588	79,875	97,200	105,913	104,348	109,350
80,798	87,092	80,984	75,699	85,847	75,966
4,666,593	5,053,501	5,435,638	5,935,027	6,384,719	6,271,018
748,174	801,138	804,350	905,022	882,747	1,409,484
588,075	349,000	414,494	383,685	528,422	567,612
<u>14,827,426</u>	<u>15,224,946</u>	<u>16,454,687</u>	<u>17,163,912</u>	<u>17,422,642</u>	<u>18,126,020</u>
7,581,623	7,818,644	8,450,515	8,670,531	9,099,786	9,973,182
809,485	819,120	780,296	790,332	843,298	982,329
417,740	503,159	392,514	362,294	325,836	350,625
11,468	8,668	9,322	10,855	12,061	11,787
1,162,291	1,218,226	1,233,636	1,211,911	1,273,230	1,396,787
496,274	494,041	524,494	482,568	504,825	496,682
18,637	23,173	32,881	44,304	41,636	34,831
1,182,710	1,184,777	1,371,895	1,261,633	1,259,472	1,168,957
434,537	708,790	526,559	581,873	513,898	556,111
215,024	201,825	220,129	238,584	232,781	279,319
7,582	4,458	6,483	5,951	5,125	10,722
473,144	471,141	503,554	533,326	553,902	594,848
376,408	391,195	429,705	449,089	591,722	543,862
0	0	0	0	0	0
418,869	370,063	293,999	88,201	354,520	91,484
448,168	595,659	955,293	809,080	791,884	820,875
921,912	776,485	655,854	612,393	587,690	554,109
<u>14,975,872</u>	<u>15,589,424</u>	<u>16,387,129</u>	<u>16,152,925</u>	<u>16,991,666</u>	<u>17,866,510</u>
(148,446)	(364,478)	67,558	1,010,987	430,976	259,510

(Continued)

Heath City School District

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

	2001	2002	2003	2004
Other Financing Sources (Uses):				
Sale of Capital Assets	1,510	0	6,846	512
General Obligation Notes Issued	0	0	0	0
Premium on General Obligation Notes	0	0	0	0
Premium on General Obligation Bonds	694,827	0	0	0
General Obligation Bonds Issued	16,248,718	0	0	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	149,198	0	36,540	238,745
Transfers In	37,173	0	37,500	37,500
Transfers Out	(37,173)	0	(37,500)	(37,500)
Total Other Financing Sources (Uses)	<u>17,094,253</u>	<u>0</u>	<u>43,386</u>	<u>239,257</u>
Net Change in Fund Balance	<u>\$13,995,606</u>	<u>(\$12,957,410)</u>	<u>(\$1,995,603)</u>	<u>\$586,396</u>
 Debt Service as a Percentage of Noncapital Expenditures	 14.21%	 11.08%	 10.62%	 9.94%

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

* Restated

Source: District Treasurer's Office

Heath City School District

2005	2006	2007	2008	2009	2010
1,321,791	0	75	75	0	49
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	0	0
0	0	0	0	248,060	0
8,000	15,000	15,000	20,000	20,000	20,000
(8,000)	(15,000)	(15,000)	(20,000)	(20,000)	(20,000)
<u>1,321,791</u>	<u>406,924</u>	<u>75</u>	<u>75</u>	<u>248,060</u>	<u>49</u>
<u>\$1,173,345</u>	<u>\$42,446</u>	<u>\$67,633</u>	<u>\$1,011,062</u>	<u>\$679,036</u>	<u>\$259,559</u>
9.39%	9.07%	10.02%	8.84%	8.31%	7.71%

Heath City School District

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

Tax year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
			**	
Real Property				
Assessed	\$172,295,770	\$178,918,700	\$195,425,090	\$198,958,880
Actual	492,273,629	511,196,286	558,357,400	568,453,943
Public Utility				
Assessed	7,851,500	6,389,920	6,531,640	6,357,200
Actual	7,851,500	6,389,920	6,531,640	6,357,200
Tangible Personal Property				
Assessed	44,052,160	45,300,500	38,931,420	36,850,610
Actual	176,208,640	181,202,000	155,725,680	147,402,440
Total				
Assessed	224,199,430	230,609,120	240,888,150	242,166,690
Actual	676,333,769	698,788,206	720,614,720	722,213,583
Assessed Value as a Percentage of Actual Value	33.15%	33.00%	33.43%	33.53%
Total Direct Tax Rate	\$48.38	\$48.22	\$50.52	\$50.10

Source: Licking County Auditor

* Reappraisal

** Update

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

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

Heath City School District

2004	2005	2006	2007	2008	2009
	*			**	
\$204,143,540	\$236,666,040	\$236,780,990	\$243,057,770	\$244,538,400	\$243,252,830
583,267,257	676,188,686	676,517,114	694,450,771	698,681,143	695,008,086
6,498,070	6,351,210	6,463,400	5,352,300	5,906,570	5,787,400
6,498,070	6,351,210	6,463,400	5,352,300	5,906,570	5,787,400
35,135,040	40,706,030	23,227,380	23,843,800	510,015	536,600
140,540,160	162,824,120	123,879,360	190,750,400	8,160,240	5,366,000
245,776,650	283,723,280	266,471,770	272,253,870	250,954,985	249,576,830
730,305,487	845,364,016	806,859,874	890,553,471	712,747,953	706,161,486
33.65%	33.56%	33.03%	30.57%	35.21%	35.34%
\$50.20	\$50.30	\$49.06	\$54.60	\$55.08	\$55.70

Heath City School District

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Direct District Rates				
General Fund	41.90	41.90	44.50	44.50
Bond Retirement Fund	5.28	5.12	4.82	4.40
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>48.38</u>	<u>48.22</u>	<u>50.52</u>	<u>50.10</u>
Overlapping Rates				
City of Heath	5.40	5.40	5.40	5.40
Career and Technical Education Center	2.00	2.00	3.00	2.80
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

2004	2005	2006	2007	2008	2009
44.50	44.50	42.76	48.40	48.81	49.30
4.50	4.60	5.10	5.00	5.07	5.20
1.20	1.20	1.20	1.20	1.20	1.20
50.20	50.30	49.06	54.60	55.08	55.70
5.40	5.40	5.40	5.40	5.40	5.40
3.00	3.00	3.00	3.00	2.50	2.50
7.20	7.40	7.40	7.40	7.10	7.40

Heath City School District

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

		Calendar Year 2009		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Windstream Ohio, Inc	Telephone Company	\$536,600	1	100.00%
	Subtotal	536,600		100.00%
	All Others	0		0.00%
	Total	<u>\$536,600</u>		<u>100.00%</u>
		Calendar Year 2000		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Meritor Automotive, Inc.	Heavy Truck Axles	\$12,533,610	1	28.45%
Kaiser Aluminum and Chemical Corporation	Aluminum Products	6,840,990	2	15.53%
Wal*Mart Stores, Inc.	Retail Store	1,373,630	3	3.12%
Mathews Ford, Inc.	Automotive Sales and Service	1,246,480	4	2.83%
Lowe's	Home Improvement Center	1,161,950	5	2.64%
Sears	Retail Store	992,690	6	2.25%
Boeing Company	Aeronautical Manufacturing	898,440	7	2.04%
Southeastern Equipment Center	Heavy Equipment Rental	820,130	8	1.86%
Ashland Inc.	Petroleum Products	796,270	9	1.81%
JLH Automotive	Automotive Dealership	705,120	10	1.60%
	Subtotal	27,369,310		62.13%
	All Others	16,682,850		37.87%
	Total	<u>\$44,052,160</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings

Based on valuation of property in 2009 and 2000. For 2009, assessed value for telephone property was reclassified to tangible personal property and all other tangible personal property was phased out.

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 2009		
		Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$10,303,060	1	4.13%
Southgate Association Limited Partnership	Shopping Center	5,539,140	2	2.22%
Ohio Power Company	Utility Company - Electric	4,989,760	3	2.00%
Inland Western Heath Southgate LLC	Retail	4,075,370	4	1.63%
Chapel Grove Management Company	Apartments and Assisted Living	2,976,160	5	1.19%
Wal*Mart Stores, Inc.	Retail Store	2,792,340	6	1.11%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,643,730	7	1.06%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,490,810	8	1.00%
Lowe's	Retail	2,358,790	9	0.95%
H&D Holding Company	Nursing and Convalescent Home	2,018,490	10	0.81%
Subtotal		40,187,650		16.10%
All Others		209,389,180		83.90%
Total		<u>\$249,576,830</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 2000		
		Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$20,050,950	1	11.13%
Ohio Power Company	Utility Company - Electric	4,677,170	2	2.60%
Southgate Association Limited Partnership	Shopping Center	4,362,440	3	2.42%
Cross Creek Limited Partnership	Shopping Center	3,651,800	4	2.03%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,748,690	5	1.53%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,717,190	6	1.51%
Rockwell/Meritor Heavy Vehicle System	Manufacturer	2,526,830	7	1.40%
Alltel Ohio, Inc.	Utility Company - Telephone	2,522,560	8	1.40%
National Gas and Oil Corporation	Utility Company - Gas	1,723,170	9	0.96%
Wal*Mart Stores, Inc.	Retail Store	1,705,970	10	0.95%
Subtotal		46,686,770		25.93%
All Others		133,460,500		74.07%
Total		<u>\$180,147,270</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2009 and 2000

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>2000</u>	<u>2001</u>	<u>2002</u>
Total Tax Levy	\$6,782,280	\$8,214,783	\$8,111,945
Collections within the Fiscal Year of the Levy			
Current Tax Collections	6,384,904	7,687,500	7,264,837
Percent of Levy Collected	94.14%	93.58%	89.56%
Delinquent Tax Collections ⁽¹⁾	<u>100,674</u>	<u>154,855</u>	<u>175,228</u>
Total Tax Collections	6,485,578	7,842,355	7,440,065
Percent of Total Tax Collections To Tax Levy	95.63%	95.47%	91.72%
Accumulated Outstanding Delinquent Taxes	296,702	372,428	671,881
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	4.37%	4.53%	8.28%

(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

2003	2004	2005	2006	2007	2008	2009
\$9,449,244	\$9,516,753	\$9,907,213	\$10,091,936	\$9,201,990	\$9,772,281	\$9,252,238
8,456,846	8,321,361	8,655,699	9,008,503	8,585,291	9,568,886	8,929,050
89.50%	87.44%	87.37%	89.26%	93.30%	97.92%	96.51%
128,238	327,818	329,014	658,186	204,378	127,549	204,670
8,585,084	8,649,179	8,984,713	9,666,689	8,789,669	9,696,435	9,133,720
90.85%	90.88%	90.69%	95.79%	95.52%	99.22%	98.72%
74,160	867,574	922,501	425,247	412,320	468,915	644,070
0.78%	9.12%	9.31%	4.21%	4.48%	4.80%	6.96%

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

	2001	2002	2003	2004
Governmental Activities (1)				
Long-Term Notes Payable	\$965,000	\$780,000	\$630,000	\$475,000
General Obligation Bonds Payable	17,423,336	17,338,411	17,204,848	17,016,111
Capital Leases	134,685	103,563	101,022	228,434
Total Primary Government	<u>\$18,523,021</u>	<u>\$18,221,974</u>	<u>\$17,935,870</u>	<u>\$17,719,545</u>
Population (2)				
City of Heath	8,527	8,527	8,527	8,527
Outstanding Debt Per Capita	2,172	2,137	2,103	2,078
Income (3)				
Personal (in thousands)	228,677	232,514	236,701	239,745
Percentage of Personal Income	8.10%	7.84%	7.58%	7.39%

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

2005	2006	2007	2008	2009	2010
\$320,000	\$294,000	\$102,000	\$69,000	\$35,000	\$0
16,829,655	16,885,008	16,448,748	16,041,800	15,721,702	15,402,557
185,266	139,607	91,314	40,234	215,410	169,535
<u>\$17,334,921</u>	<u>\$17,318,615</u>	<u>\$16,642,062</u>	<u>\$16,151,034</u>	<u>\$15,972,112</u>	<u>\$15,572,092</u>
8,527	8,527	8,527	8,527	8,544	8,507
2,033	2,031	1,952	1,894	1,869	1,831
249,347	260,150	274,237	289,253	307,174	305,844
6.95%	6.66%	6.07%	5.58%	5.20%	5.09%

Heath City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2001	2002	2003	2004
Population ⁽¹⁾	8,527	8,527	8,527	8,527
Assessed Value ⁽²⁾	224,199,430	230,609,120	240,888,150	242,166,690
General Bonded Debt ⁽³⁾				
General Obligation Bonds	17,423,336	17,338,411	17,204,848	17,016,111
Resources Available to Pay Principal ⁽⁴⁾	47,890	69,993	34,979	7,437
Net General Bonded Debt	17,375,446	17,268,418	17,169,869	17,008,674
Ratio of Net Bonded Debt to Assessed Value	7.75%	7.49%	7.13%	7.02%
Net Bonded Debt per Capita	2,037.70	2,025.15	2,013.59	1,994.68

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

2005	2006	2007	2008	2009	2010
8,527	8,527	8,527	8,527	8,544	8,507
245,776,650	283,723,280	266,471,770	272,253,870	250,954,985	249,576,830
16,829,655	16,885,008	16,448,748	16,041,800	15,721,702	15,402,557
40,155	404,467	513,213	664,539	797,551	880,415
16,789,500	16,480,541	15,935,535	15,377,261	14,924,151	14,522,142
6.83%	5.81%	5.98%	5.65%	5.95%	5.82%
1,968.98	1,932.75	1,868.83	1,803.36	1,746.74	1,707.08



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2010*

<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	\$14,522,142	100.00%	\$14,522,142
Overlapping:			
City of Heath	6,260,000	94.50%	5,915,700
Licking County	12,805,080	6.80%	870,745
		Subtotal	<u>6,786,445</u>
		Total	<u><u>\$21,308,587</u></u>

Source: Licking County and Fiscal Officers of Subdivision

Heath City School District

Debt Limitations Last Ten Years

	2001	2002	2003	2004
Net Assessed Valuation	\$224,199,430	\$230,609,120	\$240,888,150	\$242,166,690
Legal Debt Limitation (%) ⁽¹⁾	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) ⁽¹⁾	20,177,949	20,754,821	21,679,934	21,795,002
Applicable District Debt Outstanding	18,023,336	17,838,411	17,604,818	17,316,111
Less: Applicable Debt Service Fund Amounts ⁽²⁾	(47,890)	(69,993)	(34,979)	(7,437)
Net Indebtedness Subject to Limitation	<u>17,975,446</u>	<u>17,768,418</u>	<u>17,569,839</u>	<u>17,308,674</u>
Overall Legal Debt Margin	<u>\$2,202,503</u>	<u>\$2,986,403</u>	<u>\$4,110,095</u>	<u>\$4,486,328</u>
Legal Debt Limitation (%) ⁽¹⁾	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) ⁽¹⁾	224,199	230,609	240,888	242,167
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$224,199</u>	<u>\$230,609</u>	<u>\$240,888</u>	<u>\$242,167</u>
Legal Debt Limitation (%) ⁽¹⁾	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) ⁽¹⁾	2,017,795	2,075,482	2,167,993	2,179,500
Applicable District Debt Outstanding	(365,000)	(280,000)	(230,000)	(175,000)
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$1,652,795</u>	<u>\$1,795,482</u>	<u>\$1,937,993</u>	<u>\$2,004,500</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

2005	2006	2007	2008	2009	2010
\$245,776,650	\$283,723,280	\$266,471,770	\$272,253,870	\$250,954,985	\$249,576,830
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
22,119,899	25,535,095	23,982,459	24,502,848	22,585,949	22,461,915
17,029,655	17,119,008	16,550,748	16,110,800	15,756,702	15,402,557
(40,155)	(404,467)	(513,213)	(664,539)	(797,551)	(880,415)
16,989,500	16,714,541	16,037,535	15,446,261	14,959,151	14,522,142
\$5,130,399	\$8,820,554	\$7,944,924	\$9,056,587	\$7,626,798	\$7,939,773
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
245,777	283,723	266,472	272,254	250,955	249,577
0	0	0	0	0	0
\$245,777	\$283,723	\$266,472	\$272,254	\$250,955	\$249,577
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,211,990	2,553,510	2,398,246	2,450,285	2,258,595	2,246,191
(120,000)	(60,000)	0	0	0	0
\$2,091,990	\$2,493,510	\$2,398,246	\$2,450,285	\$2,258,595	\$2,246,191

Heath City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2000	2001	2002	2003	2004
Population (1)					
City of Heath	8,527	8,527	8,527	8,527	8,527
Licking County	145,491	147,397	148,680	150,634	152,866
Income (2) (a)					
Total Personal (in thousands)	228,677	232,514	236,701	239,745	249,347
Per Capita	26,818	27,268	27,759	28,116	29,242
Unemployment Rate (3)					
Federal	3.8%	4.8%	5.8%	6.0%	5.5%
State	3.7%	4.3%	5.7%	6.1%	6.0%
Licking County	3.6%	3.2%	3.6%	6.0%	5.9%
Fiscal Year	2001	2002	2003	2004	2005
School Enrollment (4)					
Grades K - 2	365	352	363	377	382
Grades 3 - 5	367	390	365	377	375
Grades 6 - 8	380	404	438	410	402
Grades 9 - 12	403	416	457	424	421
JVS	51	57	58	53	63
Total	<u>1,566</u>	<u>1,619</u>	<u>1,681</u>	<u>1,641</u>	<u>1,643</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 (2009 not available), Total Personal Income is a calculation

(3) State Department of Labor Statistics

(4) District Treasurer's Office

Heath City School District

2005	2006	2007	2008	2009
8,527	8,527	8,527	8,544	8,507
154,806	155,694	155,694	156,183	155,866
260,150	274,237	289,253	307,174	305,844
30,509	32,161	33,922	35,952	35,952
5.0%	4.6%	4.6%	5.8%	9.3%
5.9%	5.5%	5.6%	6.6%	10.2%
5.8%	5.1%	5.2%	6.1%	9.3%
2006	2007	2008	2009	2010
382	358	379	382	370
429	434	435	432	398
412	418	395	436	416
458	484	487	472	445
39	45	47	53	52
<u>1,720</u>	<u>1,739</u>	<u>1,743</u>	<u>1,775</u>	<u>1,681</u>



Heath City School District

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2009	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	995	1
Arvin/Meritor	Manufacturing	416	2
Super Wal-Mart Stores	Retail Sales	402	3
Heath City Schools	Education	300	4
Kaiser Aluminum & Chemical Co.	Manufacturing	263	5
Heath Nursing Home	Health Care	258	6
Sears	Retail Sales	158	7
Lowe's Home Center	Retail Sales	157	8
JHL Automotive	Retail Sales	157	9
Englefield Oil	Petroleum Products	154	10
Total		<u>3,260</u>	

Employer	Nature of Business	2000	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	997	1
Arvin/Meritor	Manufacturing	661	2
Kaiser Aluminum & Chemical Co.	Manufacturing	263	3
Wal-Mart Stores	Retail Sales	256	4
Kroger	Retail/Grocery	201	5
Heath Nursing Home	Health Care	200	6
Englefield Oil	Petroleum Products	170	7
Heath City Schools	Education	166	8
Sears	Retail Sales	161	9
Mathews Ford	Auto Sales and Service	96	10
Total		<u>3,171</u>	

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

Heath City School District

School District Employees by Type Last Ten Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Supervisory					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	1.00	1.00	1.00	1.00	1.00
Principals	4.00	4.00	4.00	4.00	4.00
Assistant Principals	1.00	1.00	1.00	1.00	1.00
Instruction					
Classroom Teachers	100.00	100.00	105.00	104.00	106.00
Student Services					
Guidance Counselors	3.00	3.00	3.00	3.00	3.50
Psychologists	1.00	1.00	1.00	1.00	1.00
Librarians	2.00	2.00	2.00	2.00	2.00
Other Professionals (noninstructional)					
Support Services					
Clerical/Secretaries	10.00	10.00	10.00	10.00	11.00
Tutors/Aides	6.00	6.00	6.00	6.00	6.00
Food Service	17.00	17.00	17.00	18.00	18.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	11.00	11.00	12.00	12.00	12.00
<i>Total Employees</i>	<u>167.00</u>	<u>167.00</u>	<u>173.00</u>	<u>173.00</u>	<u>176.50</u>

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

Source: District Treasurer's Office

Heath City School District

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</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
106.00	105.00	105.00	106.00	106.00
3.50	3.50	3.00	3.50	3.50
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
11.00	11.00	11.00	11.00	11.00
6.00	6.00	2.00	2.00	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>176.50</u>	<u>175.50</u>	<u>171.00</u>	<u>172.50</u>	<u>172.50</u>

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2001	2002	2003	2004
Enrollment	1,566	1,619	1,681	1,641
Modified Accrual Basis				
Operating Expenditures (1)	15,003,425	24,965,006	14,695,175	13,724,098
Cost per Pupil	9,581	15,420	8,742	8,363
Percentage of Change	56.0%	60.9%	(43.3%)	(4.3%)
Accrual Basis (2)				
Expenses	N/A	N/A	N/A	12,856,654
Cost per Pupil	N/A	N/A	N/A	7,835
Percentage of Change	N/A	N/A	N/A	N/A
Teaching Staff	100	100	105	104
Pupil to Teacher Ratio				
Heath	15.7	16.2	16.0	15.8
State Average	18.0	16.9	16.9	18.5

(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

(3) 2010 reflects 2009 ratios as current data is not available.

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

N/A - Not Available

Heath City School District

2005	2006	2007	2008	2009	2010
1,643	1,720	1,739	1,743	1,775	1,681
14,975,872	15,589,424	16,387,129	16,152,925	16,991,666	17,866,510
9,115	9,064	9,423	9,267	9,573	10,629
9.0%	(0.6%)	4.0%	(1.7%)	3.3%	11.0%
14,087,070	14,743,921	15,347,405	15,490,046	16,241,554	17,456,264
8,574	8,572	8,825	8,887	9,150	10,384
9.4%	(0.02%)	2.96%	0.70%	2.96%	13.49%
106	106	105	105	106	106
15.5	16.2	16.6	16.6	16.7	15.9
18.5	18.6	19.6	18.6	19.4	19.4

Heath City School District

Operating Indicators by Function Last Ten Years

	2001	2002	2003	2004
Governmental Activities				
Pupils				
Enrollment	1,566	1,619	1,681	1,641
Graduates	N/A	N/A	97	102
Percent of Students with Disabilities	N/A	N/A	6.0%	5.9%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	95.10%	95.20%	95.80%	95.60%
Fiscal Services				
Purchase Orders Processed	N/A	N/A	2,492	2,528
Checks Issued (non payroll)	N/A	N/A	2,496	2,523
Operation and Maintenance of Plant				
District Square Footage Maintained	194,665	288,868	288,868	288,868
District Square Miles Maintained	11.2	11.2	11.2	11.2
Pupil Transportation				
Average Daily Students Transported	1,136	1,247	1,247	1,254
Average Daily Bus Fleet Miles	647	753	753	847
Number of Buses	16	16	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Meals Served Annually	N/A	N/A	75,405	82,195
Percent of Free/Reduced Price Meals	N/A	N/A	16%	19%
Extracurricular Activities				
High School Varsity Teams	N/A	N/A	14	14

Source: District Treasurer's Office

N/A - Not Available

Heath City School District

2005	2006	2007	2008	2009	2010
1,643	1,720	1,739	1,743	1,775	1,681
105	107	110	105	113	110
6.1%	6.6%	6.8%	6.7%	6.3%	6.5%
12	12	12	12	12	12
95.50%	95.90%	95.90%	95.10%	96.10%	94.70%
2,328	2,305	2,161	2,054	2,149	2,067
2,512	2,591	2,330	2,269	2,316	1,583
288,868	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,140	1,147	1,147	1,147	1,189	1,188
887	898	898	898	901	901
16	16	16	16	16	16
85,071	92,164	93,174	155,431	156,800	156,982
22%	23%	24%	33%	39%	40%
14	17	17	17	17	17

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2001	2002	2003	2004	2005
Minimum Salary (1)	26,187	27,234	28,323	29,244	30,194
Maximum Salary (1)	57,611	59,915	62,311	64,337	66,428
District Average Salary	39,644	40,897	43,494	44,175	45,742
County Average Salary	39,529	41,058	42,473	44,590	45,638
State Average Salary	42,892	44,266	45,515	47,495	49,438

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	2001	2002	2003	2004	2005
Bachelor's Degree	18	18	18	13	14
Bachelor + 15	32	30	23	26	23
Master's Degree	36	40	48	48	50
Master's Degree + 15	7	6	9	10	10
Master's Degree + 30	7	6	7	7	9
Total	100	100	105	104	106

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

Source: District Treasurer's Office

Heath City School District

2006	2007	2008	2009	2010
31,175	31,175	31,175	32,213	33,286
68,585	68,585	68,585	69,258	71,565
47,058	49,985	50,768	51,571	54,130
46,289	47,110	49,633	49,961	51,151
50,772	53,536	53,410	54,656	55,958

2006	2007	2008	2009	2010
11	10	10	9	9
25	25	17	18	16
50	49	53	54	56
11	12	12	12	12
9	9	13	13	13
106	105	105	106	106

Heath City School District

Capital Asset Statistics by Building Last Ten Years

	2001	2002	2003	2004
Secondary				
Heath High School				
Square Footage	67,197	124,740	124,740	124,740
Capacity (students)	450	600	600	600
Enrollment	454	473	515	477
Middle				
Heath Middle School / Fulton Middle*				
Square Footage	47,537	67,197	67,197	67,197
Capacity (students)	400	450	450	450
Enrollment	380	404	438	410
Elementary				
Stevenson Elementary School				
Square Footage	37,419	39,619	39,619	39,619
Capacity (students)	400	450	450	450
Enrollment	367	390	365	377
Garfield Elementary School				
Square Footage	40,112	44,112	44,112	44,112
Capacity (students)	350	420	420	420
Enrollment	365	352	363	377
All Other				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	13	13	13	14
Bus Garage**				
Square Footage	None	10,800	10,800	10,800
Capacity (Buses)		16	16	16

Source: District Treasurer's Office

* Fulton was demolished in 2003

** Bus Garage built in 2002.

Heath City School District

2005	2006	2007	2008	2009	2010
124,740	124,740	124,740	124,740	124,740	124,740
600	600	600	600	600	600
484	497	484	534	525	497
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
402	412	418	395	436	416
39,619	42,337	44,437	44,437	44,437	44,437
450	450	450	450	450	450
375	429	434	435	432	398
44,112	44,112	44,112	44,112	44,112	44,112
420	450	450	450	450	450
382	382	358	379	382	370
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
14	14	14	13	13	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

	2001	2002	2003	2004	2005
ACT Scores (Average)					
Heath	22.3	21.5	21.7	21.0	22.0
Ohio	21.4	21.4	21.4	21.4	21.4
National	21.0	20.8	20.8	20.9	20.9
Cost per Student (ODE) (1)					
Heath	6,498	6,926	6,968	6,997	7,318
Ohio (Average)	7,589	8,079	8,439	8,761	9,051
Cost to Educate a Graduate					
Heath	89,662	93,625	96,368	109,183	113,075
Ohio (Average)	71,601	75,655	79,747	84,129	88,133
Attendance Rate					
Heath	95.10%	95.20%	95.80%	95.60%	95.50%
Ohio (Average)	94.70%	95.00%	94.90%	95.30%	95.20%
Graduation Rate					
Heath	82.70%	92.90%	92.90%	91.00%	96.50%
Ohio (Average)	81.20%	82.80%	83.90%	84.30%	85.90%

Source:

District's Student Records and Ohio Department of Education

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

Heath City School District

2006	2007	2008	2009	2010
21.3	N/A	21.7	21.8	22.0
21.5	21.6	21.6	21.7	21.7
21.1	21.2	21.2	21.3	21.3
8,107	8,138	8,260	8,060	10,480
9,355	9,586	9,939	10,184	10,335
116,263	137,140	152,020	141,383	160,154
89,779	99,365	109,945	110,543	112,969
95.90%	95.40%	95.10%	95.20%	94.70%
94.10%	94.10%	94.20%	94.30%	94.30%
96.20%	90.10%	99.10%	93.70%	99.30%
86.20%	86.10%	86.20%	84.60%	83.00%



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Mary Taylor, CPA
Auditor of State

HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2011**