

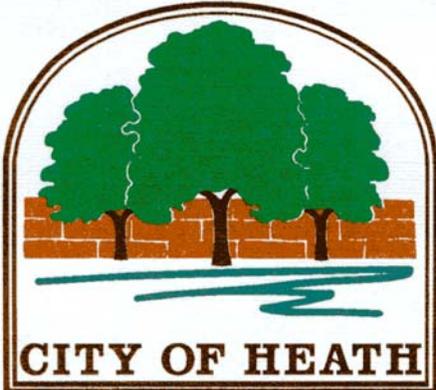
CITY OF HEATH, OHIO

Licking County



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

Prepared by the City Auditor's Department

Mr. Jay R. Morrow
City Auditor



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CITY OF HEATH LICKING COUNTY, OHIO

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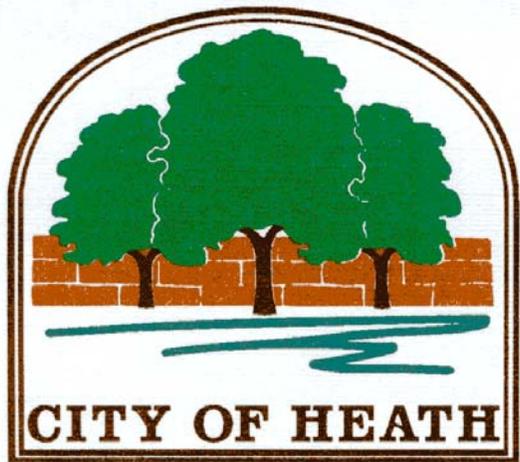
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INTRODUCTORY SECTION





CITY OF HEATH

1287 Hebron Road • Heath, Ohio 43056
Jay R. Morrow, City Auditor

phone (740) 522-1420

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June 28, 2015

To the Council and the Citizens of the City of Heath, Ohio:

The City Auditor is pleased to present this Comprehensive Annual Financial Report for the City of Heath (the City) for the fiscal year ended December 31, 2014. The report has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

Accounting Principles Generally Accepted in the United States of America 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 MD&A and should be read in conjunction with it. The City of Heath's MD&A can be found immediately following the Independent Auditor's Report.

The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity; Omnibus"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, utility billing, income tax collection and other governmental services.

***Letter of Transmittal
For the Year Ended December 31, 2014***

The City of Heath

The City of Heath continues to be a growing community located twenty-five miles east of Ohio’s capital city, Columbus. It is bounded on the north by the City of Newark, the county seat of Licking County. The City's elevation is approximately 830 feet above sea level. Its median temperatures are 75 degrees in summer and 30.2 degrees in winter. State highways 79 and 13 serve as the City's major transportation arteries. The east-west interstate highway I-70 that lies approximately 6 miles south also serves the City. Heath’s 10.5 square mile area serves a residential population of 10,310 (census 2010) and an estimated daytime population of 45,000. The daytime population is concentrated in the State Route 79 corridor, the area of the Central Ohio Aerospace and Technology Center, the Indian Mound Mall, and Southgate and Cross Creek Shopping Centers.

The City of Heath was named after Fletcher Heath an employee of the Pure Oil Company, which was located just west of the City. A railroad freight station located near the company was named the Heath Station. In 1951, when area residents voted to incorporate, they created the Village of Heath. The Village of Heath became Ohio’s 196th city on April 28, 1965.

Historical areas in the City of Heath include the Davis-Shai House, the old Four Mile Lock (part of the Ohio Canal), Moundbuilders State Park, and the Forry Preserve. The latter two include prehistoric Hopewell Indian mound sites. In addition, the W. Thomas Huff Indian artifact collection is on display at city hall.

The City operates under a charter, first adopted by the voters in 1964 and opened for revision by a Charter Commission every ten years. The form of government provided in the Charter is known as the “Mayor-Council Plan”. All elections are non-partisan. The Mayor and the Auditor are elected for overlapping terms every four years. The legislative body of Heath consists of a seven-member Council, three of whom are elected by Ward, and four of whom are elected At-Large for overlapping four year terms. City Council elects a president every two years to preside over meetings. In the event that the office of the Mayor shall become vacant the President of Council shall become Mayor and serve for the unexpired term of the Mayor. City Council appoints the Clerk of Council and the Mayor appoints the City Law Director.

Labor Relations

A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. The employee profile is as follows:

<u>Number of Employees</u>	<u>Employee Classification</u>
75	Classified employees
9	Elected officials
3	Appointed employees

CITY OF HEATH, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2014***

The City has entered into bargaining agreements with the Fraternal Order of Police, Ohio Labor Council, Inc., International Association of Firefighters Local 2930 and the American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8. Other employees are governed by legislative action of City Council. In the judgment of the City, its employee relations have been and are considered to be good.

Full-time employees are represented by the following bargaining units:

<u>Bargaining Unit</u>	<u>Agreement Expiration Date</u>	<u>Number of Employees Covered</u>
Fraternal Order of Police, Ohio Labor Council (Dispatchers)	March 31, 2017	6
Fraternal Order of Police, Ohio Labor Council (Sergeants/Patrol)	March 31, 2017	16
International Association of Firefighters Local 2930	April 17, 2017	15
American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8	April 1, 2017	32

New police officers are not included in the union until their one-year probationary period is successfully completed. A reserve force of ten persons is authorized by order of the mayor. A thirty member volunteer fire department, operated by the Heath Firefighters Association, is authorized by City Ordinance.

The Administrative Section of the City of Heath Codified Ordinances provides for equal and similar treatment of employees employed by the city but not covered under a collective bargaining agreement. The following classifications are covered by the Administrative Section of the Heath Codified Ordinances:

- 9 Elected Officials
- 1 Appointed Clerk of Council
- 1 Appointed law advisors
- 2 Exempted classified employees
- 1 Appointed Administrative Assistant
- 6 Department Heads

***Letter of Transmittal
For the Year Ended December 31, 2014***

ECONOMIC OUTLOOK & MAJOR INITIATIVES

The City experienced another busy year of activity in 2014. In the commercial sector, Clark Motors, Peet's Coffee are notable businesses which left the area. Offsetting those losses, Ulta occupied a sizable space at the Indian Mound Mall. Hobby Lobby completed its move to a large commercial space on Hebron Rd. (SR 79), opening up its former space for the future home of Rural King, and Peoples Bank established a location in Heath.

On the industrial side, xperion Energy & Environment occupied and began operation in a newly-completed 50,000 square-foot manufacturing building located in the Central Ohio Aerospace and Technology Center. Across the street from xperion, the Heath-Newark-Licking County Port Authority broke ground on a 60,000 square-foot industrial building for MISTRAS, and Southgate Corporation was well on its way to completing a 50,000 square-foot industrial spec building next to it. Also in 2014, arrangements were put in place to develop a 40-acre parcel of land with a road and utilities, which will create up to seven new sites on property zoned for industrial use.

Plans for 2015 include:

Streets	Licking View Dr./Franklin Ave. Resurfacing	\$550,000
Water/Sewer	Automatic Meter Reading System	530,000
Police	New Patrol Car	35,000
Fire	New Rescue Truck	535,000

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

***Letter of Transmittal
For the Year Ended December 31, 2014***

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

The Auditor's office is responsible for the auditing and analysis of all purchase orders of the City. Personnel of the Auditor's office carefully review purchase orders to ensure the availability of monies in the proper funds and accounts prior to the certification and subsequent payment of approved invoices. The City utilizes a fully automated accounting system as well as an automated system of controls for capital asset accounting and payroll. These systems, coupled with the review and examination performed by the City Auditor's office, ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the object level for each department within each fund via legislation approved by City Council. The various objects are:

- Personal services
- Contractual Services
- Other Expenditures
- Transfers
- Materials and Supplies
- Capital Outlay
- Debt Service:
Principal
Interest

Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year.

***Letter of Transmittal
For the Year Ended December 31, 2014***

OTHER INFORMATION

Independent Audit

An audit team from Wilson, Shannon and Snow, Inc. has performed this year's audit. The independent auditor's unmodified opinion has been included in the Independent Auditor's Report which is located at the front of the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Heath, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2013. The City has received this award each year since 1994. The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that 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. I believe this, our current report continues to conform to the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and I am submitting it to GFOA. In addition, the Heath city auditor also received the Auditor of State's Award, for fiscal years 2002 through 2008. To be eligible, reporting entities must have had no citations reported in their annual audit. Less than 5% of all reporting entities are eligible for this award.

Public Disclosure

The publication of this report represents an important achievement in the ability of the City of Heath to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City administration and investors. This report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

In addition to the citizens of Heath, the recipients of this report will include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization that requests it. The extensive effort to prepare and distribute this report is indicative of the City Auditor's goal of full disclosure of the City's finances.

***Letter of Transmittal
For the Year Ended December 31, 2014***

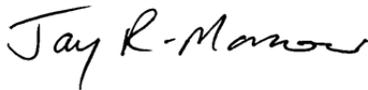
Acknowledgments

Sincere appreciation is extended to the individuals who have contributed their time and effort in gathering data for this report. I am indebted to the following staff members; Rebecca McComb, Assistant Auditor; Debbie Whitefield, HR Director; and our Department Heads for the extra effort they put forth in the preparation of this report.

Special acknowledgment is extended to the staff of Donald J. Schonhardt and Associates, Inc. for their guidance in the preparation of this report.

Special thanks to the members of Heath City Council and Mayor Mark Johns whose support is necessary for the City of Heath to conform to reporting requirements established for municipal governments to maintain the sound financial position that the City has enjoyed for many years.

Respectfully,



Jay R. Morrow
City Auditor

CITY OF HEATH, OHIO

**List of Principal Officials
For the Year Ended December 31, 2014**

<i>ELECTED OFFICIALS</i>	<i>OFFICE</i>	<i>TERM EXPIRES</i>	<i>SURETY</i>
Mark D. Johns	Mayor	01/01/2018	
Jay R. Morrow	Auditor	03/31/2016	B
Tim Kelley	Council Member – at Large President of Council	01/01/2016	
Cledys Henry	Council Member at Large President-Pro-Tem	01/01/2016	
Deborah Cole	Council Member at Large	01/01/2016	
Brian Johnson	Council Member - Ward 1	01/01/2018	
Richard Morrow	Council Member - Ward 2	01/01/2018	
Doug Heffley	Council Member - Ward 3	01/01/2018	
Jeffrey Crabill	Council Member at Large	01/01/2016	

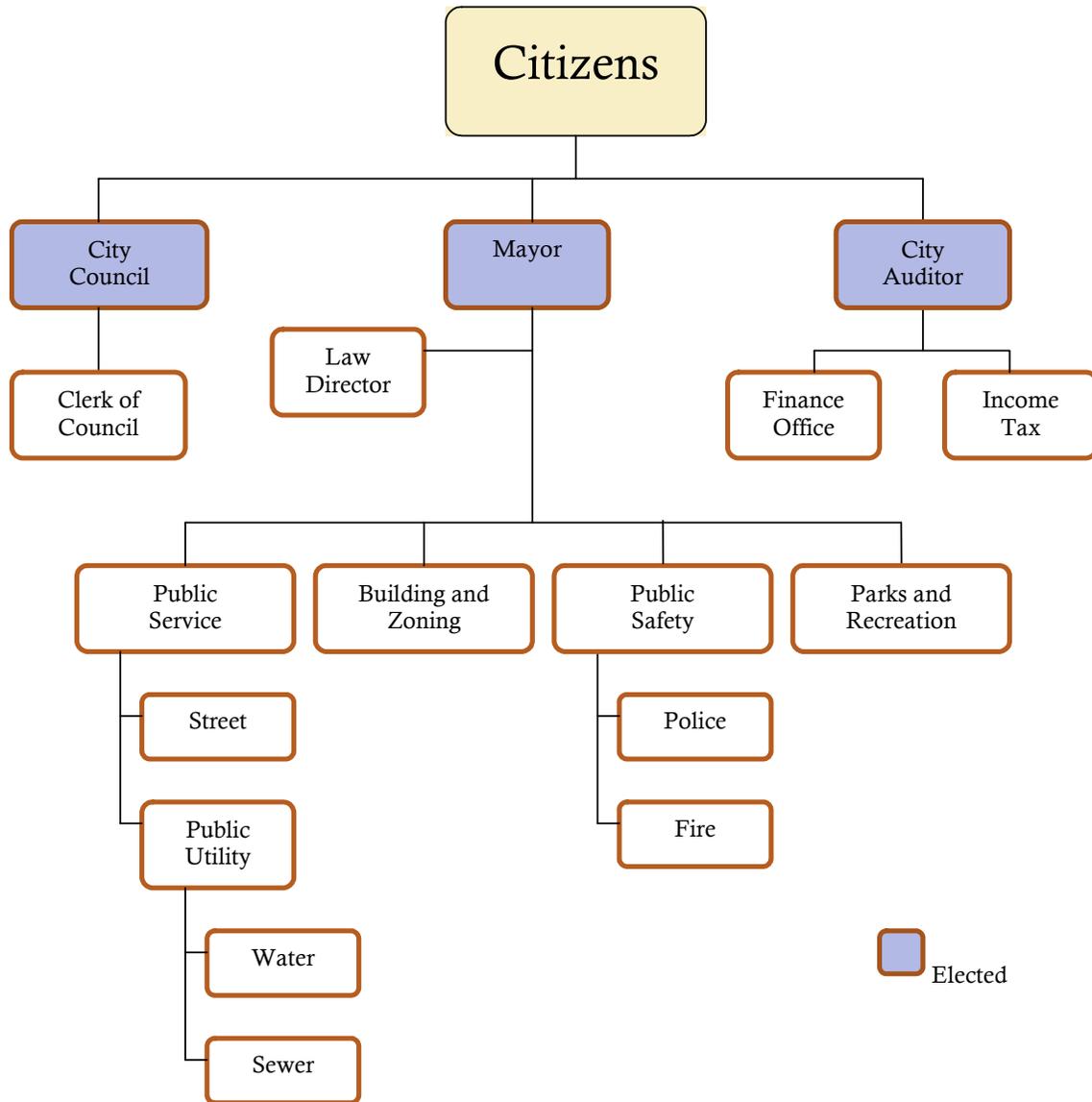
<i>ADMINISTRATIVE PERSONNEL</i>	<i>TITLE</i>	<i>TERM OF OFFICE</i>	<i>SURETY</i>
Kimberly Geller	Income Tax Commissioner	Indefinite	A
John R. Mason	Police Chief	Indefinite	
Mark Huggins	Fire Chief	Indefinite	
John Geller	Utilities Director	Indefinite	
Robert Geller	Street and Parks Superintendent	Indefinite	
Eddie Hunt	Building and Zoning Inspector	Indefinite	
David C. Morrison	Law Director	Indefinite	
Rebecca McComb	Assistant Auditor	Indefinite	
Lynn M. Hunt	Clerk of Council	Indefinite	
Ginna Walker	Mayor's Secretary/Administrative Assistant	Indefinite	
Deborah K. Whitefield	Administrative Assistant	Indefinite	
Charles Kyle	Recreation Director	Indefinite	

(A) \$100,000 Fidelity and Deposit Company of Maryland 06/1/04 - Indefinite
 (B) \$100,000 Ohio Farmers Insurance Company 06/1/04 - Indefinite

City Address:

Heath City Hall
 1287 Hebron Road
 Heath, Ohio 43056
<http://www.heathohio.gov>

**City Organizational Chart
For the Year Ended December 31, 2014**



Boards and Commissions

- | | |
|--------------------------------------|-----------------------------------|
| Parks and Recreation Board | Civil Service Commission |
| Air Pollution Control Board | Planning Commission |
| Board of Zoning and Building Appeals | Reuse Commission / Port Authority |
| | Charter Review Commission |



Government Finance Officers Association

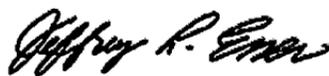
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Heath
Ohio**

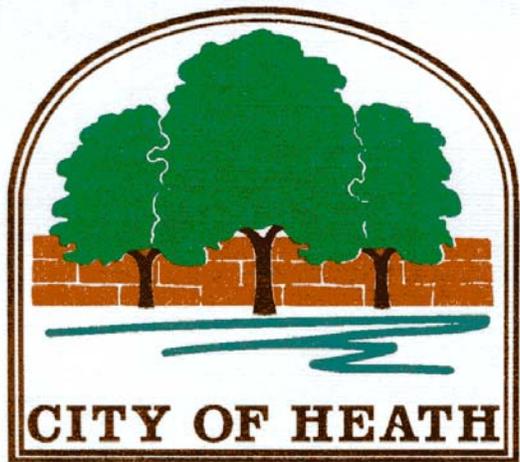
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013



Executive Director/CEO

FINANCIAL SECTION





City of Heath
Licking County
1287 Hebron Road
Heath, Ohio 43056

INDEPENDENT AUDITOR'S REPORT

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Heath, Licking County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Heath, Licking County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the Fire Levy Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 28, 2015



***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

The management's discussion and analysis of the City of Heath's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2014 are as follows:

In total, net position increased \$111,656. Net position of governmental activities decreased \$192,756 which represents a .5% decrease from 2013. Net position of business-type activities increased \$304,412 or 1.6% from 2013.

General revenues accounted for \$7.7 million in revenue or 55.3% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for 44.7% of total revenues of \$13.9 million.

The City had \$9.9 million in expenses related to governmental activities; \$2 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes) of \$7.7 million assisted in providing for these programs.

Among major funds, the general fund had \$6.9 million in revenues and \$7.6 million in expenditures and other financing uses. The general fund's fund balance decreased \$679,858 to \$3 million.

Net position for enterprise funds increased by \$340,957. Revenues decreased and expenses increased in 2014 when compared to 2013. The activity is reflective of the completion of construction of multiple projects that have occurred over the past year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, 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 City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City'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. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

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

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's program's and services are reported here including security of persons and property, public health and welfare, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer services are reported as business-type activities.

Fund Financial Statements

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

Governmental Funds – Most of the City'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 City'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 the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses two enterprise funds to account for water and sewer operations. Both of the enterprise funds are reported as major funds.

The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service fund reports on the City's self-insurance programs for employee medical benefits.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary fund is a private purpose trust fund used to account for unclaimed monies.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position between December 31, 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$8,666,874	\$8,785,465	\$4,958,341	\$6,409,302	\$13,625,215	\$15,194,767
Capital assets, Net	35,558,743	35,841,451	22,549,710	22,727,026	58,108,453	58,568,477
Total assets	44,225,617	44,626,916	27,508,051	29,136,328	71,733,668	73,763,244
Long-term debt outstanding	3,387,607	3,777,638	8,361,407	9,091,388	11,749,014	12,869,026
Other liabilities	512,398	330,910	141,535	1,344,243	653,933	1,675,153
Total liabilities	3,900,005	4,108,548	8,502,942	10,435,631	12,402,947	14,544,179
Deferred Inflows of Resources	1,337,627	1,337,627	0	0	1,337,627	1,337,627
Net position						
Net investment in Capital Assets	32,879,970	32,791,239	14,265,581	13,374,041	47,145,551	46,165,280
Restricted	3,667,955	3,130,915	0	0	3,667,955	3,130,915
Unrestricted	2,440,060	3,258,587	4,739,528	5,326,656	7,179,588	8,585,243
Total net position	\$38,987,985	\$39,180,741	\$19,005,109	\$18,700,697	\$57,993,094	\$57,881,438

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for Services and Sales	\$952,675	\$1,098,884	\$4,193,074	\$3,959,429	\$5,145,749	\$5,058,313
Operating Grants and Contributions	661,083	661,798	0	0	661,083	661,798
Capital Grants and Contributions	400,859	1,263,959	8,962	439,066	409,821	1,703,025
Total Program Revenues	<u>2,014,617</u>	<u>3,024,641</u>	<u>4,202,036</u>	<u>4,398,495</u>	<u>6,216,653</u>	<u>7,423,136</u>
General revenues:						
Property Taxes	1,183,320	1,122,287	0	0	1,183,320	1,122,287
Income Taxes	5,716,808	5,952,155	0	0	5,716,808	5,952,155
Other Local Taxes	5,647	8,823	0	0	5,647	8,823
Intergovernmental Revenue, Unrestricted	595,813	680,850	0	0	595,813	680,850
Investment Earnings	65,477	16,848	8,142	1,865	73,619	18,713
Miscellaneous	106,763	137,499	0	0	106,763	137,499
Total General Revenues	<u>7,673,828</u>	<u>7,918,462</u>	<u>8,142</u>	<u>1,865</u>	<u>7,681,970</u>	<u>7,920,327</u>
Total Revenues	<u>9,688,445</u>	<u>10,943,103</u>	<u>4,210,178</u>	<u>4,400,360</u>	<u>13,898,623</u>	<u>15,343,463</u>
Program Expenses:						
Security of Persons and Property	5,361,303	5,038,710	0	0	5,361,303	5,038,710
Public Health and Welfare Services	55,970	55,970	0	0	55,970	55,970
Leisure Time Activities	1,387,265	1,311,818	0	0	1,387,265	1,311,818
Community Environment	270,574	100,943	0	0	270,574	100,943
Transportation	1,267,738	1,709,162	0	0	1,267,738	1,709,162
General Government	1,453,988	1,397,774	0	0	1,453,988	1,397,774
Interest and Fiscal Charges	84,363	189,630	0	0	84,363	189,630
Business Type Activities:						
Water	0	0	1,867,677	1,757,595	1,867,677	1,757,595
Sewer	0	0	2,038,089	2,401,452	2,038,089	2,401,452
Total Expenses	<u>9,881,201</u>	<u>9,804,007</u>	<u>3,905,766</u>	<u>4,159,047</u>	<u>13,786,967</u>	<u>13,963,054</u>
Total Change in Net Position	(192,756)	1,139,096	304,412	241,313	111,656	1,380,409
Beginning Net Position	<u>39,180,741</u>	<u>38,041,645</u>	<u>18,700,697</u>	<u>18,459,384</u>	<u>57,881,438</u>	<u>56,501,029</u>
Ending Net Position	<u>\$38,987,985</u>	<u>\$39,180,741</u>	<u>\$19,005,109</u>	<u>\$18,700,697</u>	<u>\$57,993,094</u>	<u>\$57,881,438</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

Governmental Activities

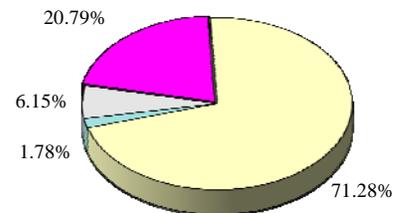
Net position of the City's governmental activities decreased by \$192,756. Expenses increased and a decrease in many revenue categories accounted for the decline.

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.

The City also receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 12.2% and 59% respectively of revenues for governmental activities for the City in fiscal year 2014. The City's reliance upon tax revenues is demonstrated by the following graph indicating 71.28% of total revenues from general tax revenues:

Revenue Sources	2014	Percent of Total
Intergovernmental Revenue, Unrestricted	\$595,813	6.15%
Program Revenues	2,014,617	20.79%
General Tax Revenues	6,905,775	71.28%
General Other	172,240	1.78%
Total Revenue	<u>\$9,688,445</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased by \$304,412. The 1.6% increase in net position can be attributed primarily to revenues decreasing and expenses increasing in 2014.

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$6,494,561, which is a decrease from last year's balance of \$6,694,848. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	\$2,985,062	\$3,664,920	(\$679,858)
Fire Levy	341,388	331,060	10,328
Capital Improvement Fund	2,039,781	1,778,799	260,982
Other Governmental	1,128,330	920,069	208,261
Total	<u>\$6,494,561</u>	<u>\$6,694,848</u>	<u>(\$200,287)</u>

General Fund – The City's General Fund balance decreased 18.6% from 2013. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2014 Revenues	2013 Revenues	Increase (Decrease)
Taxes	\$5,799,171	\$5,994,091	(\$194,920)
Intergovernmental Revenue	464,164	615,193	(151,029)
Charges for Services	451,589	441,634	9,955
Licenses and Permits	17,872	15,867	2,005
Investment Earnings	64,633	15,884	48,749
Fines and Forfeitures	11,643	12,829	(1,186)
All Other Revenue	106,763	137,474	(30,711)
Total	<u>\$6,915,835</u>	<u>\$7,232,972</u>	<u>(\$317,137)</u>

General Fund revenues decreased by 4.4% under 2013. Income taxes and intergovernmental revenue decreases accounted for the majority of the decrease.

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

	2014	2013	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$3,991,066	\$3,924,460	\$66,606
Public Health and Welfare Services	55,970	55,970	0
Leisure Time Activities	621,782	558,425	63,357
Community Environment	249,678	272,127	(22,449)
General Government	1,400,963	1,307,183	93,780
Total	<u>\$6,319,459</u>	<u>\$6,118,165</u>	<u>\$201,294</u>

General Fund expenditures increased by \$201,294 or 3.3% over the prior year due to increased spending on leisure time activities and normal increases in security of persons and general government expenditures.

Fire Levy Fund – The balance of this fund increased by \$10,328 or 3.1% over the prior year, as the City received higher property tax receipts as a result of the 2014 real estate revaluation.

Capital Improvement Fund – The balance in this fund can fluctuate by 50% or more in a given year because this fund is utilized to account for the majority of the City's capital improvements. The level of funding and expenditures vary depending on the City's capital plans for the given year. During 2014, the fund balance increased by 14.7%.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City'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 2014, the City amended its General Fund budget several times. The increase in the final budgeted appropriations of \$1,070,357 was mainly the result of additional appropriations for transfers out to other funds.

For the General Fund, final budget basis revenue of \$6,622,358 decreased by \$44,500 when compared to the original budget estimates to account for lower expectations for tax receipts.

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2014 the City had \$58,108,453 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$35,558,743 was related to governmental activities and \$22,549,710 to the business-type activities. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	\$10,075,521	\$10,075,521	\$0
Construction in Progress	4,500	4,500	0
Total Non-Depreciable Capital Assets	10,080,021	10,080,021	0
Buildings	6,515,070	6,511,725	3,345
Improvements Other Than Buildings	3,989,139	3,989,139	0
Machinery and Equipment	6,193,794	6,001,443	192,351
Infrastructure	28,684,830	28,373,972	310,858
Less: Accumulated Depreciation	(19,904,111)	(19,114,849)	(789,262)
Total Depreciable Capital Assets, Net	25,478,722	25,761,430	(282,708)
Totals	\$35,558,743	\$35,841,451	(\$282,708)

	Business-Type Activities		Increase (Decrease)
	2014	2013	
Land	\$397,374	\$397,374	\$0
Construction in Progress	1,398,708	0	1,398,708
Total Non-Depreciable Capital Assets	1,796,082	397,374	1,398,708
Buildings	15,619,517	15,619,517	0
Improvements Other Than Buildings	3,922,977	3,922,977	0
Machinery and Equipment	5,884,972	5,857,869	27,103
Infrastructure	17,326,586	18,069,244	(742,658)
Less: Accumulated Depreciation	(22,000,424)	(21,139,955)	(860,469)
Total Depreciable Capital Assets, Net	20,753,628	22,329,652	(1,576,024)
Totals	\$22,549,710	\$22,727,026	(\$177,316)

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

The largest increases in governmental activities capital assets occurred in infrastructure.

Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2014, the City had \$5,210,000 in bonds outstanding, \$765,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Governmental Activities:		
General Obligation Bonds	\$2,640,000	\$2,985,000
Capital Leases	38,773	65,212
Compensated Absences	708,834	727,426
Total Governmental Activities	<u>3,387,607</u>	<u>3,777,638</u>
Business-Type Activities:		
General Obligation Bonds	2,570,000	2,970,000
OWDA Loans	5,360,803	5,650,424
OPWC Loans	353,326	380,566
Compensated Absences	77,278	90,398
Total Business-Type Activities	<u>8,361,407</u>	<u>9,091,388</u>
Totals	<u>\$11,749,014</u>	<u>\$12,869,026</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which the City lies, is limited to ten mills. At December 31, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

Income tax collections for 2014 decreased insignificantly from 2013.

In an effort to reduce expenses, capital projects and capital acquisitions were dramatically reduced, and only those items that were really necessary were appropriated. Also affecting the General Fund and budget are the upwardly spiraling health insurance costs.

City Council continues to review the possibility of increasing existing revenue sources.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Auditor's Office by calling (740) 522-1420 or writing to City of Heath Auditor's Office, 1287 Hebron Rd., Heath, Ohio 43056.

CITY OF HEATH, OHIO

**Statement of Net Position
December 31, 2014**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,363,003	\$ 23,418	\$ 1,386,421
Investments	4,556,010	4,322,004	8,878,014
Receivables:			
Taxes	2,041,689	0	2,041,689
Accounts	7,856	560,227	568,083
Intergovernmental	351,023	0	351,023
Internal Balances	39,611	(39,611)	0
Inventory of Supplies at Cost	144,992	51,932	196,924
Prepaid Items	76,897	40,371	117,268
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	85,793	0	85,793
Non-Depreciable Capital Assets	10,080,021	1,796,082	11,876,103
Depreciable Capital Assets, Net	25,478,722	20,753,628	46,232,350
Total Assets	44,225,617	27,508,051	71,733,668
Liabilities:			
Accounts Payable	73,617	90,543	164,160
Accrued Wages and Benefits Payable	233,033	45,011	278,044
Intergovernmental Payable	1,122	588	1,710
Claims Payable	197,564	0	197,564
Accrued Interest Payable	7,062	5,393	12,455
Noncurrent liabilities:			
Due within one year	445,908	745,372	1,191,280
Due in more than one year	2,941,699	7,616,035	10,557,734
Total Liabilities	3,900,005	8,502,942	12,402,947
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	1,337,627	0	1,337,627
Net Position:			
Net Investment in Capital Assets	32,879,970	14,265,581	47,145,551
Restricted For:			
Capital Projects	2,039,781	0	2,039,781
Debt Service	87,844	0	87,844
Security of Persons	379,607	0	379,607
Transportation	1,062,150	0	1,062,150
Leisure Time Activities	98,573	0	98,573
Unrestricted	2,440,060	4,739,528	7,179,588
Total Net Position	\$ 38,987,985	\$ 19,005,109	\$ 57,993,094

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Activities
For the Year Ended December 31, 2014**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 5,361,303	\$ 487,374	\$ 0	\$ 60,975
Public Health and Welfare Services	55,970	0	0	0
Leisure Time Activities	1,387,265	425,487	0	44,776
Community Environment	270,574	18,085	0	0
Transportation	1,267,738	9,929	661,083	295,108
General Government	1,453,988	11,800	0	0
Interest and Fiscal Charges	84,363	0	0	0
Total Governmental Activities	9,881,201	952,675	661,083	400,859
Business-Type Activities:				
Water	1,867,677	2,245,921	0	0
Sewer	2,038,089	1,947,153	0	8,962
Total Business-Type Activities	3,905,766	4,193,074	0	8,962
Totals	\$ 13,786,967	\$ 5,145,749	\$ 661,083	\$ 409,821

General Revenues:

Property Taxes
Municipal Income Taxes
Other Local Taxes
Intergovernmental Revenues, Unrestricted
Investment Earnings
Miscellaneous
Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,812,954)	\$ 0	\$ (4,812,954)
(55,970)	0	(55,970)
(917,002)	0	(917,002)
(252,489)	0	(252,489)
(301,618)	0	(301,618)
(1,442,188)	0	(1,442,188)
(84,363)	0	(84,363)
<u>(7,866,584)</u>	<u>0</u>	<u>(7,866,584)</u>
0	378,244	378,244
<u>0</u>	<u>(81,974)</u>	<u>(81,974)</u>
<u>0</u>	<u>296,270</u>	<u>296,270</u>
<u>(7,866,584)</u>	<u>296,270</u>	<u>(7,570,314)</u>
1,183,320	0	1,183,320
5,716,808	0	5,716,808
5,647	0	5,647
595,813	0	595,813
65,477	8,142	73,619
106,763	0	106,763
<u>7,673,828</u>	<u>8,142</u>	<u>7,681,970</u>
(192,756)	304,412	111,656
<u>39,180,741</u>	<u>18,700,697</u>	<u>57,881,438</u>
<u>\$ 38,987,985</u>	<u>\$ 19,005,109</u>	<u>\$ 57,993,094</u>

CITY OF HEATH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2014**

	General	Fire Levy	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 17,192	\$ 359,657	\$ 13,596
Investments	2,511,484	0	2,044,526
Receivables:			
Taxes	1,282,295	557,155	0
Accounts	7,856	0	0
Intergovernmental	82,902	24,719	0
Inventory of Supplies, at Cost	46,433	0	0
Prepaid Items	64,966	1,191	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Total Assets	\$ 4,013,128	\$ 942,722	\$ 2,058,122
Liabilities:			
Accounts Payable	\$ 44,715	\$ 2,000	\$ 18,341
Accrued Wages and Benefits Payable	183,510	17,460	0
Intergovernmental Payable	996	0	0
Total Liabilities	229,221	19,460	18,341
Deferred Inflows of Resources:			
Unavailable Amounts	173,066	33,752	0
Property Tax Levy for Next Fiscal Year	625,779	548,122	0
Total Deferred Inflows of Resources	798,845	581,874	0
Fund Balances:			
Nonspendable	111,399	1,191	0
Restricted	0	340,197	0
Committed	0	0	2,039,781
Assigned	400,358	0	0
Unassigned	2,473,305	0	0
Total Fund Balances	2,985,062	341,388	2,039,781
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,013,128	\$ 942,722	\$ 2,058,122

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 950,790	\$ 1,341,235
0	4,556,010
202,239	2,041,689
0	7,856
243,402	351,023
98,559	144,992
10,740	76,897
85,793	85,793
<u>\$ 1,591,523</u>	<u>\$ 8,605,495</u>
\$ 8,561	\$ 73,617
32,063	233,033
126	1,122
<u>40,750</u>	<u>307,772</u>
258,717	465,535
163,726	1,337,627
<u>422,443</u>	<u>1,803,162</u>
109,299	221,889
925,484	1,265,681
93,547	2,133,328
0	400,358
0	2,473,305
<u>1,128,330</u>	<u>6,494,561</u>
<u>\$ 1,591,523</u>	<u>\$ 8,605,495</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2014***

Total Governmental Fund Balances	\$ 6,494,561
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	35,558,743
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.	465,535
Long-term liabilities, including bonds payable and interest, are not due and payable in the current period and therefore are not reported in the funds.	(3,394,669)
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. This is the balance that is recorded in the governmental activities.	<u>(136,185)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 38,987,985</u>

See accompanying notes to the basic financial statements



CITY OF HEATH, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014**

	General	Fire Levy	Capital Improvement
Revenues:			
Taxes	\$ 5,799,171	\$ 487,002	\$ 159,702
Intergovernmental Revenues	464,164	131,137	387,182
Charges for Services	451,589	0	0
Licenses and Permits	17,872	0	0
Investment Earnings	64,633	514	0
Fines and Forfeitures	11,643	0	0
All Other Revenue	106,763	4,171	10,750
Total Revenues	6,915,835	622,824	557,634
Expenditures:			
Current:			
Security of Persons and Property	3,991,066	612,496	118,905
Public Health and Welfare Services	55,970	0	0
Leisure Time Activities	621,782	0	60,645
Community Environment	249,678	0	0
Transportation	0	0	575,477
General Government	1,400,963	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	6,319,459	612,496	755,027
Excess (Deficiency) of Revenues Over Expenditures	596,376	10,328	(197,393)
Other Financing Sources (Uses):			
Transfers In	0	0	458,375
Transfers Out	(1,271,720)	0	0
Total Other Financing Sources (Uses)	(1,271,720)	0	458,375
Net Change in Fund Balances	(675,344)	10,328	260,982
Fund Balances at Beginning of Year	3,664,920	331,060	1,778,799
Increase (Decrease) in Inventory Reserve	(4,514)	0	0
Fund Balances End of Year	\$ 2,985,062	\$ 341,388	\$ 2,039,781

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 457,508	\$ 6,903,383
634,959	1,617,442
401,468	853,057
0	17,872
330	65,477
30,782	42,425
24,400	146,084
<u>1,549,447</u>	<u>9,645,740</u>
510,219	5,232,686
0	55,970
429,275	1,111,702
0	249,678
800,771	1,376,248
0	1,400,963
371,439	371,439
85,509	85,509
<u>2,197,213</u>	<u>9,884,195</u>
(647,766)	(238,455)
823,020	1,281,395
(9,675)	(1,281,395)
<u>813,345</u>	<u>0</u>
165,579	(238,455)
920,069	6,694,848
42,682	38,168
<u>\$ 1,128,330</u>	<u>\$ 6,494,561</u>

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2014***

Net Change in Fund Balances - Total Governmental Funds \$ (238,455)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay. (237,383)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (45,325)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 42,705

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however does not have any effect on net position. 371,439

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,146

Some expenses reported in the statement of activities, such as change in inventory and compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 56,760

The Internal Service Fund is used to charge the cost of services (e.g. insurance) to individual funds and is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the City's Internal Service Fund is allocated among the governmental activities. (143,643)

Change in Net Position of Governmental Activities \$ (192,756)

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,709,266	\$ 5,664,766	\$ 5,766,863	\$ 102,097
Intergovernmental Revenue	359,637	359,637	518,018	158,381
Charges for Services	392,505	392,505	451,589	59,084
Licenses and Permits	17,650	17,650	17,872	222
Investment Earnings	138,000	138,000	64,271	(73,729)
Fines and Forfeitures	16,000	16,000	11,643	(4,357)
All Other Revenues	33,800	33,800	106,763	72,963
Total Revenues	<u>6,666,858</u>	<u>6,622,358</u>	<u>6,937,019</u>	<u>314,661</u>
Expenditures:				
Current:				
Security of Persons and Property	3,951,251	4,216,667	4,026,884	189,783
Public Health and Welfare Services	57,912	57,912	55,970	1,942
Leisure Time Activities	651,473	698,335	612,712	85,623
Community Environment	283,951	308,951	283,193	25,758
General Government	1,489,584	1,588,943	1,437,497	151,446
Total Expenditures	<u>6,434,171</u>	<u>6,870,808</u>	<u>6,416,256</u>	<u>454,552</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	232,687	(248,450)	520,763	769,213
Other Financing Sources (Uses):				
Transfers Out	(638,000)	(1,271,720)	(1,271,720)	0
Total Other Financing Sources (Uses):	<u>(638,000)</u>	<u>(1,271,720)</u>	<u>(1,271,720)</u>	<u>0</u>
Net Change in Fund Balance	(405,313)	(1,520,170)	(750,957)	769,213
Fund Balance at Beginning of Year	3,231,872	3,231,872	3,231,872	0
Prior Year Encumbrances	29,611	29,611	29,611	0
Fund Balance at End of Year	<u>\$ 2,856,170</u>	<u>\$ 1,741,313</u>	<u>\$ 2,510,526</u>	<u>\$ 769,213</u>

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Fire Levy Fund
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 476,694	\$ 476,694	\$ 487,002	\$ 10,308
Intergovernmental Revenue	47,491	47,491	131,137	83,646
Investment Earnings	300	300	514	214
All Other Revenues	0	0	4,171	4,171
Total Revenues	<u>524,485</u>	<u>524,485</u>	<u>622,824</u>	<u>98,339</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>545,033</u>	<u>643,733</u>	<u>617,457</u>	<u>26,276</u>
Total Expenditures	<u>545,033</u>	<u>643,733</u>	<u>617,457</u>	<u>26,276</u>
Net Change in Fund Balance	(20,548)	(119,248)	5,367	124,615
Fund Balance at Beginning of Year	342,623	342,623	342,623	0
Prior Year Encumbrances	<u>7,548</u>	<u>7,548</u>	<u>7,548</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 329,623</u>	<u>\$ 230,923</u>	<u>\$ 355,538</u>	<u>\$ 124,615</u>

See accompanying notes to the basic financial statements



**Statement of Net Position
Proprietary Funds
December 31, 2014**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
ASSETS:				
Current assets:				
Cash and Cash Equivalents	\$ 9,886	\$ 13,532	\$ 23,418	\$ 21,768
Investments	1,486,664	2,835,340	4,322,004	0
Receivables:				
Accounts	291,049	269,178	560,227	0
Inventory of Supplies at Cost	43,327	8,605	51,932	0
Prepaid Items	17,355	23,016	40,371	0
Total current assets	<u>1,848,281</u>	<u>3,149,671</u>	<u>4,997,952</u>	<u>21,768</u>
Noncurrent assets:				
Non-Depreciable Capital Assets	1,704,135	91,947	1,796,082	0
Depreciable Capital Assets, Net	10,266,860	10,486,768	20,753,628	0
Total noncurrent assets	<u>11,970,995</u>	<u>10,578,715</u>	<u>22,549,710</u>	<u>0</u>
Total Assets	<u>13,819,276</u>	<u>13,728,386</u>	<u>27,547,662</u>	<u>21,768</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	55,227	35,316	90,543	0
Accrued Wages and Benefits Payable	24,423	20,588	45,011	0
Intergovernmental Payable	480	108	588	0
Claims Payable	0	0	0	197,564
Accrued Interest Payable	5,393	0	5,393	0
General Obligation Bonds Payable - Current	410,000	0	410,000	0
OWDA Loans Payable - Current	0	308,533	308,533	0
OPWC Loans Payable - Current	14,684	3,476	18,160	0
Compensated Absences Payable - Current	4,412	4,267	8,679	0
Total current liabilities	<u>514,619</u>	<u>372,288</u>	<u>886,907</u>	<u>197,564</u>

(Continued)

CITY OF HEATH, OHIO

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
Noncurrent liabilities:				
General Obligation Bonds Payable	2,160,000	0	2,160,000	0
OWDA Loans Payable	0	5,052,270	5,052,270	0
OPWC Loans Payable	256,979	78,187	335,166	0
Compensated Absences Payable	32,818	35,781	68,599	0
Total noncurrent liabilities	<u>2,449,797</u>	<u>5,166,238</u>	<u>7,616,035</u>	<u>0</u>
Total Liabilities	<u>2,964,416</u>	<u>5,538,526</u>	<u>8,502,942</u>	<u>197,564</u>
NET POSITION:				
Net Investment in Capital Assets	9,129,332	5,136,249	14,265,581	0
Unrestricted	<u>1,725,528</u>	<u>3,053,611</u>	<u>4,779,139</u>	<u>(175,796)</u>
Total net position	<u>\$ 10,854,860</u>	<u>\$ 8,189,860</u>	<u>19,044,720</u>	<u>\$ (175,796)</u>
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	(39,611)
			Net Position of Business-type Activities	<u>\$ 19,005,109</u>

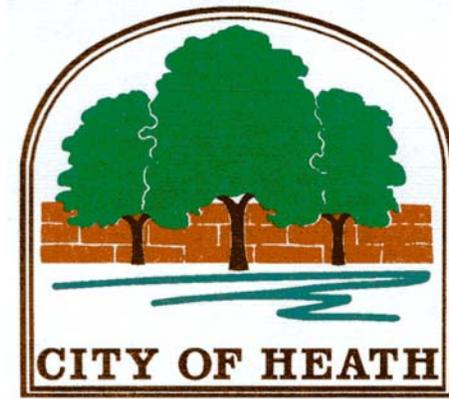
See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-Type Activities			Governmental
	Enterprise Funds			Activities -
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
Operating Revenues:				
Charges for Services	\$ 2,232,420	\$ 1,937,641	\$ 4,170,061	\$ 860,000
Other Operating Revenue	13,501	9,512	23,013	238,025
Total Operating Revenues	<u>2,245,921</u>	<u>1,947,153</u>	<u>4,193,074</u>	<u>1,098,025</u>
Operating Expenses:				
Personal Services	677,503	648,884	1,326,387	0
Contractual Services	470,894	666,095	1,136,989	0
Materials and Supplies	180,012	68,418	248,430	0
Health Claims Expense	0	0	0	1,278,213
Depreciation	445,274	444,928	890,202	0
Other Operating Expenses	125	125	250	0
Total Operating Expenses	<u>1,773,808</u>	<u>1,828,450</u>	<u>3,602,258</u>	<u>1,278,213</u>
Operating Income (Loss)	472,113	118,703	590,816	(180,188)
Non-operating Revenue (Expenses):				
Investment Earnings	0	8,142	8,142	0
Interest and Fiscal Charges	(74,355)	(192,608)	(266,963)	0
Total Non-operating Revenues (Expenses)	<u>(74,355)</u>	<u>(184,466)</u>	<u>(258,821)</u>	<u>0</u>
Income (Loss) Before Contributions	397,758	(65,763)	331,995	(180,188)
Capital Contributions	0	8,962	8,962	0
Change in Net Position	397,758	(56,801)	340,957	(180,188)
Net Position Beginning of Year	10,457,102	8,246,661	18,703,763	4,392
Net Position End of Year	<u>\$ 10,854,860</u>	<u>\$ 8,189,860</u>	<u>19,044,720</u>	<u>\$ (175,796)</u>
			Change in Net Position - Total Enterprise Funds	340,957
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	(36,545)
			Change in Net Position - Business-type Activities	<u>\$ 304,412</u>

See accompanying notes to the basic financial statements



CITY OF HEATH, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-Type Activities Enterprise Funds			Governmental- Activities Internal Service Fund
	Water	Sewer	Total	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,203,494	\$1,931,808	\$4,135,302	\$860,000
Cash Payments for Goods and Services	(653,633)	(757,050)	(1,410,683)	(1,103,767)
Cash Payments to Employees	(679,275)	(657,304)	(1,336,579)	0
Other Operating Cash Receipts	13,501	9,512	23,013	238,025
Net Cash Provided (Used) by Operating Activities	884,087	526,966	1,411,053	(5,742)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal Paid on General Obligation Bonds	(400,000)	0	(400,000)	0
Principal Paid on General Obligation Note Payable	(1,100,000)	0	(1,100,000)	0
Acquisition and Construction of Assets	(757,857)	(42,846)	(800,703)	0
Principal Paid on Ohio Water Development Authority Loans	0	(280,659)	(280,659)	0
Principal Paid on Ohio Public Works Commission Loans	(22,027)	(5,213)	(27,240)	0
Interest Paid on All Debt	(84,062)	(192,608)	(276,670)	0
Net Cash Used for Capital and Related Financing Activities	(2,363,946)	(521,326)	(2,885,272)	0
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	801,025	0	801,025	0
Purchase of Investments	0	(726,966)	(726,966)	0
Receipts of Interest	0	11,838	11,838	0
Net Cash Provided (Used) by Investing Activities	801,025	(715,128)	85,897	0
Net Decrease in Cash and Cash Equivalents	(678,834)	(709,488)	(1,388,322)	(5,742)
Cash and Cash Equivalents at Beginning of Year	688,720	723,020	1,411,740	27,510
Cash and Cash Equivalents at End of Year	\$9,886	\$13,532	\$23,418	\$21,768

(Continued)

CITY OF HEATH, OHIO

	Business-Type Activities Enterprise Funds			Governmental- Activities
	Water	Sewer	Total	Internal Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$472,113	\$118,703	\$590,816	(\$180,188)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	445,274	444,928	890,202	0
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(28,926)	(5,833)	(34,759)	0
Increase in Inventory	(1,618)	(1,724)	(3,342)	0
Increase in Prepaid Items	(1,336)	(12,224)	(13,560)	0
Increase (Decrease) in Accounts Payable	832	(8,356)	(7,524)	0
Increase in Health Claims Payable	0	0	0	174,446
Increase (Decrease) in Accrued Wages and Benefits Paya	4,022	(1,094)	2,928	0
Decrease in Intergovernmental Payable	(480)	(108)	(588)	0
Decrease in Compensated Absences Payable	(5,794)	(7,326)	(13,120)	0
Total Adjustments	411,974	408,263	820,237	174,446
Net Cash Provided (Used) by Operating Activities	<u>\$884,087</u>	<u>\$526,966</u>	<u>\$1,411,053</u>	<u>(\$5,742)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2014, the fair value of investments reported in the Sewer Fund decreased by \$3,696. During 2014, the Sewer Fund received \$8,962 of capital contributions. At December 31, 2014 the Water and Sewer Funds had liabilities of \$20,500 and \$9,530, respectively, for the purchase of capital assets.

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Net Position
Fiduciary Fund
December 31, 2014**

	Private Purpose Trust
Assets:	
Cash and Cash Equivalents	\$ 5,366
Total Assets	<u>5,366</u>
Liabilities:	
Total Liabilities	<u>0</u>
Net Position:	
Unrestricted	5,366
Total Net Position	<u>\$ 5,366</u>

See accompanying notes to the basic financial statements

***Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2014***

	Private Purpose Trust
Additions:	
Contributions	\$ 92
Total Additions	<u>92</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Position	92
Net Position at Beginning of Year	<u>5,274</u>
Net Position End of Year	<u>\$ 5,366</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Heath, Ohio (the "City") is a home rule municipal corporation created under the laws of the State of Ohio. Heath was first incorporated as a village on March 21, 1952 and achieved city status on April 28, 1965. The City currently operates under and is governed by its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted in 1964.

The financial statements are presented as of December 31, 2014 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity; Omnibus"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

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 balances, revenues and expenditures (expenses). The following fund types are used by the City:

Governmental Funds - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City'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 City's major governmental funds:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fire Levy Fund – This fund is used to account for property tax collected and designated for the operations of the Fire Department.

Capital Improvement Fund – This fund is used to account for financial resources used for the major capital projects undertaken by the City.

Proprietary Funds - All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's two major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Internal Service Fund - This fund is used to account for health insurance services provided to other departments or agencies of the governmental unit on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The City's only fiduciary fund is a private-purpose trust that accounts for unclaimed monies.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but 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 segment of the business-type activities of the City and for each function or program of the City’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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segments or governmental function is self-financing or draws from the general revenues of the City. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities and deferred inflows of resources, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary 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.

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 City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for debt service and expenditures related to compensated absences which are recorded only when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 2014 but which are not intended to finance 2014 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 5.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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 ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds are legally required to be budgeted and appropriated; however, only the General Fund is required to be reported. The legal level of budgetary control is by fund at the object level (personal services, materials and supplies, contractual services, etc.) by department. Budgetary modifications may only be made by ordinance of the City Council. The County \$5 Permissive License Tax Fund was not budgeted by the City for 2014.

1. **Estimated Resources**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do 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 January 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 2014.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level and may be modified during the year by Ordinance of City Council. Total fund appropriations may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. During 2014, several supplemental appropriations were necessary to budget for unanticipated expenditures. Administrative control is maintained through the establishment of more detailed line-item budgets. Funds may be moved from one line-item account to another within the same object without approval of City Council. The City Auditor maintains an accounting of the line-item expenditures to insure that the total expenditures within a department by object do not exceed approved appropriations. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures, which appear on the budgetary statements, are provided on the budgetary basis to provide a comparison of actual results with 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.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Budgetary Basis of Accounting

The City'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 and Fire Levy Fund is shown below:

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis (as reported)	(\$675,344)	\$10,328
Increase (Decrease):		
Accrued Revenues at December 31, 2014 received during 2015	(500,653)	0
Accrued Revenues at December 31, 2013 received during 2014	521,837	0
Accrued Expenditures at December 31, 2014 paid during 2015	229,221	19,460
Accrued Expenditures at December 31, 2013 paid during 2014	(227,710)	(20,302)
2014 Prepays for 2015	(64,966)	(1,191)
2013 Prepays for 2014	58,363	1,191
Outstanding Encumbrances	(91,705)	(4,119)
Budget Basis	<u>(\$750,957)</u>	<u>\$5,367</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2014, cash and cash equivalents included amounts in demand deposits, certificates of deposit, U.S. Treasury Money Market accounts in Fifth-Third and Huntington National Bank investment accounts.

The City 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 had maintained its own cash and investment account. (See Note 4, "Cash, Cash Equivalents and Investments.")

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental fund when purchased and as expenses in the proprietary funds when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental Activities capital assets are those not directly related to the business-type activities. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost or estimated historical cost for assets not purchased in recent years.

Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when 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.

Capital assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of governmental activities infrastructure include roads, curbs, sidewalks and storm sewers. These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

2. Property, Plant and Equipment – Business-Type Activities

Proprietary funds capital assets are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. Proprietary funds capital assets are similar to Governmental Activities capital assets with the exception of the infrastructure. Proprietary infrastructure consists of water and sewer lines. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	15 – 40
Improvements Other Than Buildings	50
Machinery and Equipment	5 – 10
Infrastructure	15 - 100

K. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund, Water Fund
Capital Leases	Street Construction, Maintenance and Repair Fund Law Enforcement Trust Fund
Ohio Water Development Authority Loans	Sewer Fund
Ohio Public Works Commission Loan	Water Fund Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Fire Levy Fund Water Fund Sewer Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities 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. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, if a portion of unpaid compensated absences has matured as of year end, it is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

M. Restricted Assets

Cash with fiscal agent is classified as restricted assets on the balance sheet because these funds are being held for specified purposes.

N. Pensions

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

O. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution and wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Self-Funded Insurance

The City is self-funded for employee health care benefits. The program is administered by Medical Benefit Administrators Inc., which provides claims review and processing services. Each City fund is charged for its proportionate share of covered employees. The City records a liability in claims payable for incurred but unreported claims at year end based upon an analysis of historical claims and expenses.

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Flows of cash or goods from one fund to another with a requirement for repayment are reported as Interfund Loans Receivable/Payable. There were no outstanding interfund loans at December 31, 2014. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

R. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance (Continued)

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Charter authorizes the City Auditor to assign fund balance.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

S. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction and improvement of those assets, increased by unspent debt proceeds which existed at December 31, 2014. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

T. Deferred Inflows of Resources

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

CITY OF HEATH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Fire Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$64,966	\$1,191	\$0	\$10,740	\$76,897
Supplies Inventory	46,433	0	0	98,559	144,992
Total Nonspendable	<u>111,399</u>	<u>1,191</u>	<u>0</u>	<u>109,299</u>	<u>221,889</u>
Restricted:					
Transportation Projects	0	0	0	766,612	766,612
Park Maintenance	0	0	0	87,326	87,326
Law Enforcement	0	0	0	50,850	50,850
Fire Department	0	340,197	0	20,696	360,893
Total Restricted	<u>0</u>	<u>340,197</u>	<u>0</u>	<u>925,484</u>	<u>1,265,681</u>
Committed:					
Debt Service	0	0	0	89,396	89,396
Swimming Pool	0	0	0	4,151	4,151
Capital Improvements	0	0	2,039,781	0	2,039,781
Total Committed	<u>0</u>	<u>0</u>	<u>2,039,781</u>	<u>93,547</u>	<u>2,133,328</u>
Assigned:					
Other Purposes	77,837	0	0	0	77,837
Excess Appropriations FY 2015	322,521	0	0	0	322,521
Total Assigned	<u>400,358</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>400,358</u>
Unassigned	<u>2,473,305</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,473,305</u>
Total Fund Balances	<u>\$2,985,062</u>	<u>\$341,388</u>	<u>\$2,039,781</u>	<u>\$1,128,330</u>	<u>\$6,494,561</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

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

Other long-term assets not available to pay for current-period expenditures:

Delinquent Income Tax Revenue	\$104,945
Delinquent Property Tax Revenue	21,841
Shared Revenues	338,749
	<u>\$465,535</u>

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$2,640,000)
Capital Leases Payable	(38,773)
Accrued Interest on Long-Term Debt	(7,062)
Compensated Absences Payable	(708,834)
	<u>(\$3,394,669)</u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

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

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

Capital Outlay	\$809,213
Depreciation Expense	(1,046,596)
	<u>(\$237,383)</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$2,915
Decrease in Delinquent Property Tax	(523)
Increase in Shared Revenue	40,313
	<u>\$42,705</u>

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

General Obligation Bond Principal	\$345,000
Capital Lease Payments	26,439
	<u>\$371,439</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	\$18,592
Increase in supplies inventory	38,168
	<u>\$56,760</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City 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 no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use, but 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;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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

- 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;
- Time certificates of deposit or savings or deposit accounts including, but not limited to passbook accounts;
- Bonds and other obligations of the State of Ohio or Ohio local governments;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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 City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The City 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 City 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

At year end the carrying amount of the City’s deposits was \$5,955,697 and the bank balance was \$6,130,970. Federal depository insurance covered \$750,000 of the bank balance. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$5,380,970</u>
Total Balance	<u><u>\$5,380,970</u></u>

B. Investments

The City’s investments at December 31, 2014 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
FNMA	\$1,214,067	AA+	\$0	\$985,001	\$229,066
FHLB	1,046,745	AA+	306,695	380,607	359,443
FHLMC	505,583	AA+	0	267,767	237,816
FFCB	541,299	AA+	0	0	541,299
Municipal Bonds	1,006,410	AA+	1,006,410	0	0
Total Investments	<u><u>\$4,314,104</u></u>		<u><u>\$1,313,105</u></u>	<u><u>\$1,633,375</u></u>	<u><u>\$1,367,624</u></u>

*- Credit rating from Standard & Poor’s

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City has no policy on interest rate risk and is governed by Ohio Revised Code as described under Deposits.

Investment Credit Risk – The City 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 City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 28.1% are FNMA, 24.3% are FHLB, 11.7% are FHLMC, 12.6% are FFCB and 23.3% are Municipal Bonds.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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

C. Cash With Fiscal Agent

The City has uninsured and uncollateralized cash in the amount of \$85,793 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

D. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the basic 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.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per GASB Statement No. 9	\$1,391,787	\$8,878,014
Certificates of Deposit (with maturities of more than 3 months)	4,563,910	(4,563,910)
Per GASB Statement No. 3	<u>\$5,955,697</u>	<u>\$4,314,104</u>

* Does not include cash with fiscal agent.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, the lien date. Assessed values were 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 in the third year following reappraisal. The last reappraisal was completed in 2014. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as the real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Heath. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2014 was \$5.40 per \$1,000 of assessed value. The assessed value upon which the 2014 levy was based was \$271,209,375. This amount constitutes \$263,447,105 in real property assessed value and \$7,762,270 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .540% (5.40 mills) of assessed value.

Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. In the General Fund, Fire Levy Fund, Fire Pension Fund and Police Pension Fund, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2014 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is recorded as a deferred inflow of resources.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 5 - TAXES (Continued)

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2014 consisted of taxes, accounts receivables and intergovernmental receivables arising from shared revenues.

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2014:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$1,271,720
Capital Improvement Fund	458,375	0
Other Governmental Funds	<u>823,020</u>	<u>9,675</u>
Totals	<u><u>\$1,281,395</u></u>	<u><u>\$1,281,395</u></u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to transfer capital assets. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Non-Depreciable Capital Assets:				
Land	\$10,075,521	\$0	\$0	\$10,075,521
Construction in Progress	4,500	0	0	4,500
Subtotal	10,080,021	0	0	10,080,021
Depreciable Capital Assets:				
Buildings	6,511,725	3,345	0	6,515,070
Improvements other than Buildings	3,989,139	0	0	3,989,139
Machinery and Equipment	6,001,443	309,319	(116,968)	6,193,794
Infrastructure	28,373,972	496,549	(185,691)	28,684,830
Subtotal	44,876,279	809,213	(302,659)	45,382,833
Total Cost	\$54,956,300	\$809,213	(\$302,659)	\$55,462,854

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$2,987,809)	(\$152,257)	\$0	(\$3,140,066)
Improvements other than Buildings	(2,066,859)	(188,854)	0	(2,255,713)
Machinery and Equipment	(4,287,944)	(197,795)	88,524	(4,397,215)
Infrastructure	(9,772,237)	(507,690)	168,810	(10,111,117)
Total Depreciation	(\$19,114,849)	(\$1,046,596) *	\$257,334	(\$19,904,111)
Net Value:	\$35,841,451			\$35,558,743

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$190,384
Leisure Time Activities	270,047
Community Environment	11,561
Transportation	547,478
General Government	27,126
Total Depreciation Expense	\$1,046,596

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Non-Depreciable Capital Assets:				
Land	\$397,374	\$0	\$0	\$397,374
Construction in Progress	742,658	656,050	0	1,398,708
Subtotal	1,140,032	656,050	0	1,796,082
Depreciable Capital Assets:				
Buildings	15,619,517	0	0	15,619,517
Improvements Other Than Buildings	3,922,977	0	0	3,922,977
Machinery and Equipment	5,857,869	56,836	(29,733)	5,884,972
Infrastructure	17,326,586	0	0	17,326,586
Subtotal	42,726,949	56,836	(29,733)	42,754,052
Total Cost	\$43,866,981	\$712,886	(\$29,733)	\$44,550,134

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$6,530,995)	(\$302,964)	\$0	(\$6,833,959)
Improvements Other Than Buildings	(1,231,581)	(128,164)	0	(1,359,745)
Machinery and Equipment	(4,781,837)	(124,855)	29,733	(4,876,959)
Infrastructure	(8,595,542)	(334,219)	0	(8,929,761)
Total Depreciation	(\$21,139,955)	(\$890,202)	\$29,733	(\$22,000,424)
Net Value:	\$22,727,026			\$22,549,710

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System (“OPERS”)

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were \$327,079, \$349,455 and \$267,027, respectively, which were equal to the required contributions for each year.

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”)

The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, by calling (614) 228-2975, or by visiting www.op-f.org.

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police and 23.5% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 were \$242,590, \$245,771 and \$157,963 for police officers and \$286,061, \$309,255 and \$206,164 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were \$54,513, \$26,881 and \$106,811, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund (“OP&F”)

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”)

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were \$6,384, \$55,963 and \$83,627 for police and \$6,150, \$54,872 and \$86,649 for firefighters, respectively, which were equal to the required contributions for each year.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 11 – COMPENSATED ABSENCES

The City accrues a liability for accumulated unpaid sick, vacation, and compensatory time when earned by employees. Employees earn sick and vacation leave at varying rates based upon length of service. Upon retirement, an employee with ten or more years of service with the City will be compensated for their accumulated sick leave at a rate of 50% of the balance.

At December 31, 2014, the City's accumulated, unpaid compensated absences amounted to \$786,112. Of this amount, \$708,834 is recorded as Governmental Activities on the Entity Wide Statement of Net Position (\$63,002 is reported as due within one year), \$77,278 is recorded as Business-type activities (\$8,679 is reported as due within one year).

NOTE 12 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

General Obligation Notes:	Balance December 31, 2013	Issued	(Retired)	Balance December 31, 2014
Water Fund:				
1.00% Water Tank Note	\$1,100,000	\$0	(\$1,100,000)	\$0

CITY OF HEATH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2014 were as follows:

	Original Liability		Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Amounts Due Within One Year	
Governmental Activities:								
General Obligation Bonds:								
2.00 - 3.63%	Swimming Pool Refunding	\$1,325,000	2022	\$1,090,000	\$0	(\$110,000)	\$980,000	\$115,000
2.00 - 3.00%	S.R. 79 Refunding	1,300,000	2023	1,260,000	0	(115,000)	1,145,000	120,000
1.20 - 3.50%	Fire Station Refunding	1,195,000	2018	635,000	0	(120,000)	515,000	120,000
	Total General Obligation Bonds			<u>2,985,000</u>	<u>0</u>	<u>(345,000)</u>	<u>2,640,000</u>	<u>355,000</u>
	Capital Leases	89,348		65,212	0	(26,439)	38,773	27,906
	Compensated Absences			727,426	126,893	(145,485)	708,834	63,002
	Total Governmental Long-Term Debt			<u>\$3,777,638</u>	<u>\$126,893</u>	<u>(\$516,924)</u>	<u>\$3,387,607</u>	<u>\$445,908</u>
Business Type Activities:								
General Obligation Bond:								
1.20 - 3.50%	Water Refunding	\$2,100,000	2018	\$1,110,000	\$0	(\$210,000)	\$900,000	\$215,000
2.00 - 2.50%	Franklin Ave. Waterline	555,000	2022	505,000	0	(50,000)	455,000	55,000
1.25 - 3.00%	Water Plant Improvement	1,495,000	2022	1,355,000	0	(140,000)	1,215,000	140,000
	Total General Obligation Bonds			<u>2,970,000</u>	<u>0</u>	<u>(400,000)</u>	<u>2,570,000</u>	<u>410,000</u>
Ohio Water Development Authority Loans:								
3.76%	Loan SRF-4011	2,757,604	2024	1,872,466	0	(140,321)	1,732,145	145,647
3.25%	Loan SRF-5657	4,110,016	2032	3,777,958	0	(149,300)	3,628,658	162,886
	Total OWDA Loans			<u>5,650,424</u>	<u>0</u>	<u>(289,621)</u>	<u>5,360,803</u>	<u>308,533</u>
Ohio Public Works Commission Loans:								
0.00%	Sewer Replacement & Expansion	104,256	2038	86,876	0	(5,213)	81,663	3,476
0.00%	Water Main & Booster Station	293,690	2033	293,690	0	(22,027)	271,663	14,684
	Total OPWC Loans			<u>380,566</u>	<u>0</u>	<u>(27,240)</u>	<u>353,326</u>	<u>18,160</u>
	Compensated Absences			90,398	13,999	(27,119)	77,278	8,679
	Total Business Type Long-Term Debt			<u>\$9,091,388</u>	<u>\$13,999</u>	<u>(\$743,980)</u>	<u>\$8,361,407</u>	<u>\$745,372</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire long-term debt outstanding at December 31, 2014 were as follows:

Years	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$355,000	\$74,418	\$410,000	\$64,712
2016	360,000	66,132	425,000	55,950
2017	365,000	57,056	435,000	46,375
2018	375,000	47,269	440,000	35,925
2019	250,000	36,594	205,000	24,350
2020-2023	935,000	69,581	655,000	37,650
Totals	<u>\$2,640,000</u>	<u>\$351,050</u>	<u>\$2,570,000</u>	<u>\$264,962</u>

Years	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2015	\$308,533	\$180,391	\$18,160	\$0
2016	319,398	169,526	18,160	0
2017	330,647	158,277	18,160	0
2018	342,295	146,629	18,160	0
2019	354,355	134,569	18,160	0
2020-2024	1,968,174	476,448	90,800	0
2025-2029	1,200,383	197,142	90,800	0
2030-2034	537,018	21,992	76,116	0
2035-2038	0	0	4,810	0
Totals	<u>\$5,360,803</u>	<u>\$1,484,974</u>	<u>\$353,326</u>	<u>\$0</u>

A. Defeased Debt

In September 2009, the City refunded \$1,150,000 of General Obligation Bonds for Fire Station Improvements, through the issuance of \$1,195,000 of General Obligation Bonds. The net proceeds of the 2009 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 \$525,000 at December 31, 2014, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Defeased Debt (Continued)

In September 2009, the City refunded \$2,025,000 of General Obligation Bonds for Water Improvements, through the issuance of \$2,100,000 of General Obligation Bonds. The net proceeds of the 2009 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 \$925,000 at December 31, 2014, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In April 2011, the City refunded \$1,200,000 of General Obligation Bonds for Swimming Pool Improvements, through the issuance of \$1,325,000 of General Obligation Bonds. The net proceeds of the 2011 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 \$930,000 at December 31, 2014, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In April 2012, the City refunded \$1,295,000 of General Obligation Bonds for State Route 79 Improvements, through the issuance of \$1,300,000 of General Obligation Bonds. The net proceeds of the 2012 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 \$1,100,000 at December 31, 2014, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

B. OWDA Loans

The City has various outstanding Ohio Water Development Authority Loans ranging from 3.25% - 5% for various wastewater treatment plant improvements. The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the loans outstanding. The loans are payable solely from sewer customer net revenues and are payable through 2024 and 2032 for the two separate loans outstanding.

C. OPWC Loans

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$397,946 borrowed from the Ohio Public Works Commission in 2008 and 2013. Proceeds from these loans provided for the improvement of sewer lines at the Heath-Newark-Licking County Port Authority and for Water Main & Booster Station Improvements. These loans were issued interest free.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 14 - CAPITAL LEASES

The City leases a Durapatcher (roadway spray patching machine) and mobile computers for the Police Department. The cost of the equipment obtained under the lease agreements (\$10,974) is included in the Governmental Activities capital assets as machinery and equipment. The liabilities for these leases are recorded on the Statement of Net Position as due within one year and due in more than one year. 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 December 31, 2014:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2015	\$30,029
2016	<u>11,676</u>
Minimum Lease Payments	41,705
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(2,932)</u>
Present value of minimum lease payments	<u><u>\$38,773</u></u>

NOTE 15 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity - The fund deficit of \$175,796 in the Internal Service Fund arose from the recognition of liabilities under the accrual basis of accounting. Transfers are provided when cash is required, not when accruals occur.

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City carries commercial insurance policies to cover comprehensive liability, official and employee errors and omissions, and property and equipment. There has been no significant reduction in insurance coverages from 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.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs. The City of Heath is a member of the Ohio Municipal League (OML) Workers' Compensation Pool. The pool groups similar municipal employers to gain a greater discount in worker's compensation premiums for City employees. Section 4123.29 of the Ohio Revised Code, and the rules promulgated there under, permit the establishment of the employer group rating plan. Said plans pool and group the experience (payroll amounts and claims losses) of the participating employers in order to create a lower worker's compensation premium rate. The Ohio Municipal League (OML) as a sponsoring organization offers the plan to achieve lower workers' compensation premium rates for participants and to promote establishment of a safer working environment.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 16 - RISK MANAGEMENT (Continued)

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, Medical Benefits Administrators, Inc., which monitors all claim payments. Excess loss coverage, provided by the ARCH Insurance Group, becomes effective after \$45,000 per year per specific claim.

The claims liability of \$197,564 reported in the fund at December 31, 2014 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in fiscal years 2013 and 2014 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2013	\$51,969	\$890,149	(\$919,000)	\$23,118
2014	23,118	1,278,213	(1,103,767)	197,564

NOTE 17 - CONTINGENCIES

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

NOTE 18 – OTHER COMMITMENTS

At December 31, 2014, the City's cash basis commitments for encumbrances were as follows:

Project	Year-End Commitment
General Fund	\$91,706
Fire Levy Fund	4,119
Capital Improvement Fund	24,003
Other Governmental Funds	13,716
Water Fund	169,623
Sewer Fund	34,855
Total	<u>\$338,022</u>



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

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 expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Street Construction, Maintenance and Repair Fund

To account for state levied and controlled gasoline tax and motor vehicle license fees designated for local street construction, maintenance and repair.

State Highway Fund

To account for the portion of the state gasoline tax and motor vehicle license fees designated for construction, maintenance and repair of state highways within the City.

County \$5 Permissive License Tax Fund

To account for permissive license tax received from the County for a project approved by the county engineer, or transfers to finance the project until completion whereupon reimbursement will be received. (The Statement of Revenues, Expenditures and Changes in Fund Balances is not presented because there was no activity during the year. The Fund was not budgeted by the City for 2014.)

Swimming Pool Fund

To account for revenues and expenditures related to the operations of the Heath Municipal Pool.

Municipal Motor Vehicle License Tax Fund

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repair.

Fire Pension Fund

To account for taxes levied toward partial payment of the current and accrued liability for fire disability and pension.

Police Pension Fund

To account for taxes levied toward partial payment of the current and accrued liability for police disability and pension.

Law Enforcement Trust Fund

To account for funds received by the police department for contraband, per state statute.

Police Professional Training Fund

To account for the cost of continuing professional training programs for police personnel.

(Continued)

Special Revenue Funds

Enforcement and Education Fund

To account for financial resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

D.A.R.E. Fund

To account for revenues and expenditures relative to D.A.R.E. activities.

Conn Memorial Trust Fund

To account for money left to the City by the Conn family in trust for the operation and maintenance of the John C. Geller Park.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for payment.

General Obligation Debt Service Fund

To account for resources that are used for payment of principal, interest and fiscal charges on general obligation debt.

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. (The Balance Sheets for all of the Capital Projects Funds are not presented because there are no assets or liabilities at year end.)

Irving Wick Drive Improvement Fund

To account for financial resources used for improvements along Irving Wick Drive.

Paving Fund

To account for financial resources used for various paving projects throughout the City.

Geller Park Playground Equipment Fund

To account for financial resources used for purchasing playground equipment for Geller Park.

CITY OF HEATH, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 891,701	\$ 59,089	\$ 950,790
Receivables:			
Taxes	166,422	35,817	202,239
Intergovernmental	243,402	0	243,402
Inventory of Supplies, at Cost	98,559	0	98,559
Prepaid Items	10,740	0	10,740
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	85,793	0	85,793
Total Assets	<u>\$ 1,496,617</u>	<u>\$ 94,906</u>	<u>\$ 1,591,523</u>
Liabilities:			
Accounts Payable	\$ 8,561	\$ 0	\$ 8,561
Accrued Wages and Benefits Payable	32,063	0	32,063
Intergovernmental Payable	126	0	126
Total Liabilities	<u>40,750</u>	<u>0</u>	<u>40,750</u>
Deferred Inflows and Resources:			
Unavailable Amounts	253,207	5,510	258,717
Property Tax Levy for Next Year	163,726	0	163,726
Total Deferred Inflows of Resources	<u>416,933</u>	<u>5,510</u>	<u>422,443</u>
Fund Balances:			
Nonspendable	109,299	0	109,299
Restricted	925,484	0	925,484
Committed	4,151	89,396	93,547
Total Fund Balances	<u>1,038,934</u>	<u>89,396</u>	<u>1,128,330</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,496,617</u>	<u>\$ 94,906</u>	<u>\$ 1,591,523</u>

CITY OF HEATH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 146,835	\$ 310,673	\$ 0	\$ 457,508
Intergovernmental Revenues	621,282	0	13,677	634,959
Charges for Services	401,468	0	0	401,468
Investment Earnings	330	0	0	330
Fines and Forfeitures	30,782	0	0	30,782
All Other Revenue	24,400	0	0	24,400
Total Revenue	<u>1,225,097</u>	<u>310,673</u>	<u>13,677</u>	<u>1,549,447</u>
Expenditures:				
Current:				
Security of Persons and Property	510,219	0	0	510,219
Leisure Time Activities	429,275	0	0	429,275
Transportation	800,771	0	0	800,771
Debt Service:				
Principal Retirement	136,439	235,000	0	371,439
Interest and Fiscal Charges	35,759	49,750	0	85,509
Total Expenditures	<u>1,912,463</u>	<u>284,750</u>	<u>0</u>	<u>2,197,213</u>
Excess (Deficiency) of Revenues Over Expenditures	(687,366)	25,923	13,677	(647,766)
Other Financing Sources (Uses):				
Transfers In	823,020	0	0	823,020
Transfers Out	0	0	(9,675)	(9,675)
Total Other Financing Sources (Uses)	<u>823,020</u>	<u>0</u>	<u>(9,675)</u>	<u>813,345</u>
Net Change in Fund Balance	135,654	25,923	4,002	165,579
Fund Balances at Beginning of Year	860,598	63,473	(4,002)	920,069
Increase in Inventory Reserve	42,682	0	0	42,682
Fund Balances End of Year	<u>\$ 1,038,934</u>	<u>\$ 89,396</u>	<u>\$ 0</u>	<u>\$ 1,128,330</u>

CITY OF HEATH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool
Assets:				
Cash and Cash Equivalents	\$ 266,297	\$ 170,640	\$ 0	\$ 4,509
Receivables:				
Taxes	0	0	0	0
Intergovernmental	152,020	12,326	0	0
Inventory of Supplies, at Cost	95,955	0	0	2,604
Prepaid Items	6,248	0	0	4,492
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	85,793	0
Total Assets	<u>\$ 520,520</u>	<u>\$ 182,966</u>	<u>\$ 85,793</u>	<u>\$ 11,605</u>
Liabilities:				
Accounts Payable	\$ 2,561	\$ 1,433	\$ 0	\$ 358
Accrued Wages and Benefits Payable	15,009	0	0	0
Intergovernmental Payable	126	0	0	0
Total Liabilities	<u>17,696</u>	<u>1,433</u>	<u>0</u>	<u>358</u>
Deferred Inflows of Resources:				
Unavailable Amounts	101,346	8,217	85,793	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	<u>101,346</u>	<u>8,217</u>	<u>85,793</u>	<u>0</u>
Fund Balances:				
Nonspendable	102,203	0	0	7,096
Restricted	299,275	173,316	0	0
Committed	0	0	0	4,151
Total Fund Balances	<u>401,478</u>	<u>173,316</u>	<u>0</u>	<u>11,247</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 520,520</u>	<u>\$ 182,966</u>	<u>\$ 85,793</u>	<u>\$ 11,605</u>

CITY OF HEATH, OHIO

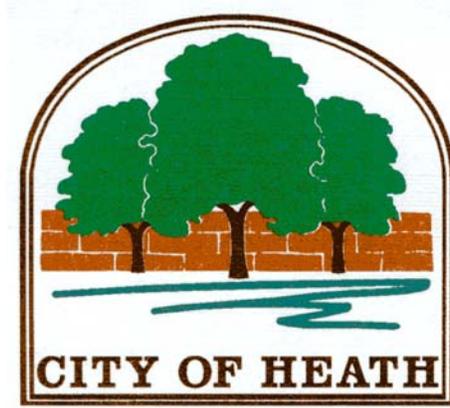
Municipal Motor Vehicle License Tax	Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training	Enforcement and Education
\$ 270,145	\$ 27,145	\$ 19,538	\$ 31,453	\$ 601	\$ 13,682
0	83,211	83,211	0	0	0
71,627	3,702	3,702	0	0	25
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 341,772</u>	<u>\$ 114,058</u>	<u>\$ 106,451</u>	<u>\$ 31,453</u>	<u>\$ 601</u>	<u>\$ 13,707</u>
\$ 0	\$ 0	\$ 0	\$ 4,209	\$ 0	\$ 0
0	6,449	10,605	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>6,449</u>	<u>10,605</u>	<u>4,209</u>	<u>0</u>	<u>0</u>
47,751	5,050	5,050	0	0	0
0	81,863	81,863	0	0	0
<u>47,751</u>	<u>86,913</u>	<u>86,913</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
294,021	20,696	8,933	27,244	601	13,707
0	0	0	0	0	0
<u>294,021</u>	<u>20,696</u>	<u>8,933</u>	<u>27,244</u>	<u>601</u>	<u>13,707</u>
<u>\$ 341,772</u>	<u>\$ 114,058</u>	<u>\$ 106,451</u>	<u>\$ 31,453</u>	<u>\$ 601</u>	<u>\$ 13,707</u>

(Continued)

CITY OF HEATH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014**

	D.A.R.E.	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
Assets:			
Cash and Cash Equivalents	\$ 365	\$ 87,326	\$ 891,701
Receivables:			
Taxes	0	0	166,422
Intergovernmental	0	0	243,402
Inventory of Supplies, at Cost	0	0	98,559
Prepaid Items	0	0	10,740
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	85,793
Total Assets	<u>\$ 365</u>	<u>\$ 87,326</u>	<u>\$ 1,496,617</u>
Liabilities:			
Accounts Payable	\$ 0	\$ 0	\$ 8,561
Accrued Wages and Benefits Payable	0	0	32,063
Intergovernmental Payable	0	0	126
Total Liabilities	<u>0</u>	<u>0</u>	<u>40,750</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	0	253,207
Property Tax Levy for Next Fiscal Year	0	0	163,726
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>416,933</u>
Fund Balances:			
Nonspendable	0	0	109,299
Restricted	365	87,326	925,484
Committed	0	0	4,151
Total Fund Balances	<u>365</u>	<u>87,326</u>	<u>1,038,934</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 365</u>	<u>\$ 87,326</u>	<u>\$ 1,496,617</u>



CITY OF HEATH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014**

	Street Construction, Maintenance and Repair	State Highway	Swimming Pool	Municipal Motor Vehicle License Tax
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	420,120	34,064	0	152,230
Charges for Services	0	0	388,161	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	1,735	0	11,888	0
Total Revenue	<u>421,855</u>	<u>34,064</u>	<u>400,049</u>	<u>152,230</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	429,275	0
Transportation	776,408	24,363	0	0
Debt Service:				
Principal Retirement	10,016	0	110,000	0
Interest and Fiscal Charges	1,660	0	32,169	0
Total Expenditures	<u>788,084</u>	<u>24,363</u>	<u>571,444</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(366,229)	9,701	(171,395)	152,230
Other Financing Sources (Uses):				
Transfers In	346,520	0	162,000	0
Total Other Financing Sources (Uses)	<u>346,520</u>	<u>0</u>	<u>162,000</u>	<u>0</u>
Net Change in Fund Balance	(19,709)	9,701	(9,395)	152,230
Fund Balances at Beginning of Year	378,298	163,615	20,849	141,791
Increase (Decrease) in Inventory Reserve	42,889	0	(207)	0
Fund Balances End of Year	<u>\$ 401,478</u>	<u>\$ 173,316</u>	<u>\$ 11,247</u>	<u>\$ 294,021</u>

CITY OF HEATH, OHIO

Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training	Enforcement and Education	D.A.R.E.
\$ 74,151	\$ 72,684	\$ 0	\$ 0	\$ 0	\$ 0
7,464	7,404	0	0	0	0
0	0	11,102	0	0	0
0	0	0	0	0	0
0	0	29,703	0	1,079	0
0	400	10,377	0	0	0
<u>81,615</u>	<u>80,488</u>	<u>51,182</u>	<u>0</u>	<u>1,079</u>	<u>0</u>
219,712	252,159	36,395	0	1,953	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	16,423	0	0	0
0	0	1,930	0	0	0
<u>219,712</u>	<u>252,159</u>	<u>54,748</u>	<u>0</u>	<u>1,953</u>	<u>0</u>
(138,097)	(171,671)	(3,566)	0	(874)	0
<u>149,000</u>	<u>165,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>149,000</u>	<u>165,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
10,903	(6,171)	(3,566)	0	(874)	0
9,793	15,104	30,810	601	14,581	365
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 20,696</u>	<u>\$ 8,933</u>	<u>\$ 27,244</u>	<u>\$ 601</u>	<u>\$ 13,707</u>	<u>\$ 365</u>

(Continued)

CITY OF HEATH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014**

	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
Revenues:		
Taxes	\$ 0	\$ 146,835
Intergovernmental Revenues	0	621,282
Charges for Services	2,205	401,468
Investment Earnings	330	330
Fines and Forfeitures	0	30,782
All Other Revenue	0	24,400
Total Revenue	<u>2,535</u>	<u>1,225,097</u>
Expenditures:		
Current:		
Security of Persons and Property	0	510,219
Leisure Time Activities	0	429,275
Transportation	0	800,771
Debt Service:		
Principal Retirement	0	136,439
Interest and Fiscal Charges	0	35,759
Total Expenditures	<u>0</u>	<u>1,912,463</u>
Excess (Deficiency) of Revenues Over Expenditures	2,535	(687,366)
Other Financing Sources (Uses):		
Transfers In	0	823,020
Total Other Financing Sources (Uses)	<u>0</u>	<u>823,020</u>
Net Change in Fund Balance	2,535	135,654
Fund Balances at Beginning of Year	84,791	860,598
Increase (Decrease) in Inventory Reserve	0	42,682
Fund Balances End of Year	<u>\$ 87,326</u>	<u>\$ 1,038,934</u>

CITY OF HEATH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
December 31, 2014**

	Irvingwick Drive Improvement	Paving	Geller Park Playground Equipment	Total Nonmajor Capital Project Funds
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 13,677	\$ 13,677
Total Revenue	<u>0</u>	<u>0</u>	<u>13,677</u>	<u>13,677</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	13,677	13,677
Other Financing Sources (Uses):				
Transfers Out	(1,517)	(8,158)	0	(9,675)
Total Other Financing Sources (Uses)	<u>(1,517)</u>	<u>(8,158)</u>	<u>0</u>	<u>(9,675)</u>
Net Change in Fund Balance	(1,517)	(8,158)	13,677	4,002
Fund Balances at Beginning of Year	<u>1,517</u>	<u>8,158</u>	<u>(13,677)</u>	<u>(4,002)</u>
Fund Balances End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,709,266	\$ 5,664,766	\$ 5,766,863	\$ 102,097
Intergovernmental Revenues	359,637	359,637	518,018	158,381
Charges for Services	392,505	392,505	451,589	59,084
Licenses and Permits	17,650	17,650	17,872	222
Investment Earnings	138,000	138,000	64,271	(73,729)
Fines and Forfeitures	16,000	16,000	11,643	(4,357)
All Other Revenues	33,800	33,800	106,763	72,963
Total Revenues	<u>6,666,858</u>	<u>6,622,358</u>	<u>6,937,019</u>	<u>314,661</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,581,694	1,649,694	1,607,382	42,312
Materials and Supplies	87,000	91,000	88,809	2,191
Contractual Services	152,584	156,749	128,077	28,672
Capital Outlay	2,000	4,275	4,145	130
Total Police	<u>1,823,278</u>	<u>1,901,718</u>	<u>1,828,413</u>	<u>73,305</u>
Communications:				
Personal Services	550,237	576,237	556,206	20,031
Contractual Services	45,900	52,400	49,004	3,396
Total Communications	<u>596,137</u>	<u>628,637</u>	<u>605,210</u>	<u>23,427</u>
Fire:				
Personal Services	1,176,579	1,302,579	1,250,286	52,293
Materials and Supplies	88,787	92,263	81,341	10,922
Contractual Services	155,170	180,170	160,657	19,513
Capital Outlay	1,300	1,300	0	1,300
Total Fire	<u>1,421,836</u>	<u>1,576,312</u>	<u>1,492,284</u>	<u>84,028</u>
Street Lighting:				
Contractual Services	110,000	110,000	100,977	9,023
Total Street Lighting	<u>110,000</u>	<u>110,000</u>	<u>100,977</u>	<u>9,023</u>
Total Security of Persons and Property	<u>3,951,251</u>	<u>4,216,667</u>	<u>4,026,884</u>	<u>189,783</u>

(Continued)

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Health and Welfare Services:				
Health Department:				
Contractual Services	57,912	57,912	55,970	1,942
Total Public Health and Welfare Services	<u>57,912</u>	<u>57,912</u>	<u>55,970</u>	<u>1,942</u>
Leisure Time Activities:				
Parks:				
Personal Services	352,484	364,984	352,453	12,531
Materials and Supplies	52,261	52,261	38,064	14,197
Contractual Services	227,228	261,590	214,349	47,241
Other Expenditures	500	500	0	500
Capital Outlay	19,000	19,000	7,846	11,154
Total Leisure Time Activities	<u>651,473</u>	<u>698,335</u>	<u>612,712</u>	<u>85,623</u>
Community Environment:				
Planning and Zoning:				
Personal Services	170,709	180,709	171,835	8,874
Materials and Supplies	3,900	3,900	3,295	605
Contractual Services	109,307	124,307	108,063	16,244
Other Expenditures	35	35	0	35
Total Community Environment	<u>283,951</u>	<u>308,951</u>	<u>283,193</u>	<u>25,758</u>
General Government:				
Mayor:				
Personal Services	95,214	98,214	96,011	2,203
Materials and Supplies	1,200	1,200	389	811
Contractual Services	25,050	25,050	21,942	3,108
Capital Outlay	1,500	3,057	1,557	1,500
Total Mayor	<u>122,964</u>	<u>127,521</u>	<u>119,899</u>	<u>7,622</u>
City Council:				
Personal Services	37,800	37,800	37,800	0
Materials and Supplies	200	200	169	31
Contractual Services	1,200	1,200	269	931
Capital Outlay	0	2,600	2,600	0
Total City Council	<u>39,200</u>	<u>41,800</u>	<u>40,838</u>	<u>962</u>

(Continued)

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	65,650	65,650	65,000	650
Contractual Services	122,200	122,200	86,084	36,116
Total Law Director	<u>187,850</u>	<u>187,850</u>	<u>151,084</u>	<u>36,766</u>
Clerk of Council:				
Personal Services	45,303	46,803	44,908	1,895
Materials and Supplies	300	300	82	218
Capital Outlay	1,500	3,057	1,557	1,500
Total Clerk of Council	<u>47,103</u>	<u>50,160</u>	<u>46,547</u>	<u>3,613</u>
Auditor:				
Personal Services	56,100	56,100	56,100	0
Materials and Supplies	400	400	279	121
Contractual Services	2,120	2,120	1,858	262
Total Auditor	<u>58,620</u>	<u>58,620</u>	<u>58,237</u>	<u>383</u>
General Administrative:				
Personal Services	311,490	319,490	303,680	15,810
Materials and Supplies	5,500	5,500	5,288	212
Contractual Services	233,394	288,312	264,232	24,080
Other Expenditures	4,108	4,108	2,553	1,555
Capital Outlay	730	1,400	1,400	0
Total General Administrative	<u>555,222</u>	<u>618,810</u>	<u>577,153</u>	<u>41,657</u>
Court Fees:				
Contractual Services	14,100	14,100	12	14,088
Total Court Fees	<u>14,100</u>	<u>14,100</u>	<u>12</u>	<u>14,088</u>

(Continued)

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Civil Service:				
Materials and Supplies	100	100	0	100
Contractual Services	15,950	15,950	9,719	6,231
Total Civil Service	<u>16,050</u>	<u>16,050</u>	<u>9,719</u>	<u>6,331</u>
Safety/Service:				
Personal Services	34,196	36,696	32,140	4,556
Materials and Supplies	8,400	25,900	22,863	3,037
Contractual Services	75,960	75,960	64,528	11,432
Capital Outlay	19,000	19,000	18,947	53
Total Safety/Service	<u>137,556</u>	<u>157,556</u>	<u>138,478</u>	<u>19,078</u>
Income Tax:				
Personal Services	254,630	258,630	251,255	7,375
Materials and Supplies	4,200	4,200	2,067	2,133
Contractual Services	39,089	39,089	30,204	8,885
Capital Outlay	13,000	14,557	12,004	2,553
Total Income Tax	<u>310,919</u>	<u>316,476</u>	<u>295,530</u>	<u>20,946</u>
Total General Government	<u>1,489,584</u>	<u>1,588,943</u>	<u>1,437,497</u>	<u>151,446</u>
Total Expenditures	<u>6,434,171</u>	<u>6,870,808</u>	<u>6,416,256</u>	<u>454,552</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	232,687	(248,450)	520,763	769,213
Other Financing Sources (Uses):				
Transfers Out	<u>(638,000)</u>	<u>(1,271,720)</u>	<u>(1,271,720)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(638,000)</u>	<u>(1,271,720)</u>	<u>(1,271,720)</u>	<u>0</u>
Net Change in Fund Balance	(405,313)	(1,520,170)	(750,957)	769,213
Fund Balance at Beginning of Year	3,231,872	3,231,872	3,231,872	0
Prior Year Encumbrances	29,611	29,611	29,611	0
Fund Balance at End of Year	<u>\$ 2,856,170</u>	<u>\$ 1,741,313</u>	<u>\$ 2,510,526</u>	<u>\$ 769,213</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund – Fire Levy Fund
For the Year Ended December 31, 2014**

FIRE LEVY FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 476,694	\$ 476,694	\$ 487,002	\$ 10,308
Intergovernmental Revenues	47,491	47,491	131,137	83,646
Investment Earnings	300	300	514	214
All Other Revenues	<u>0</u>	<u>0</u>	<u>4,171</u>	<u>4,171</u>
Total Revenues	<u>524,485</u>	<u>524,485</u>	<u>622,824</u>	<u>98,339</u>
Expenditures:				
Security of Persons and Property:				
Fire:				
Personal Services	467,985	484,985	471,451	13,534
Contractual Services	24,658	24,658	20,483	4,175
Capital Outlay	<u>52,390</u>	<u>134,090</u>	<u>125,523</u>	<u>8,567</u>
Total Expenditures	<u>545,033</u>	<u>643,733</u>	<u>617,457</u>	<u>26,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,548)	(119,248)	5,367	124,615
Fund Balance at Beginning of Year	342,623	342,623	342,623	0
Prior Year Encumbrances	<u>7,548</u>	<u>7,548</u>	<u>7,548</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 329,623</u>	<u>\$ 230,923</u>	<u>\$ 355,538</u>	<u>\$ 124,615</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Fund – Capital Improvement Fund
For the Year Ended December 31, 2014**

CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 174,000	\$ 176,530	\$ 2,530
Intergovernmental Revenues	0	387,182	387,182
All Other Revenues	0	10,750	10,750
Total Revenues	<u>174,000</u>	<u>574,462</u>	<u>400,462</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Capital Outlay	115,132	113,999	1,133
Total Security of Persons and Property	<u>115,132</u>	<u>113,999</u>	<u>1,133</u>
Leisure Time Activities:			
Parks:			
Contractual Services	33,450	33,450	0
Total Parks	<u>33,450</u>	<u>33,450</u>	<u>0</u>
Swimming Pool:			
Contractual Services	28,295	27,895	400
Total Swimming Pool	<u>28,295</u>	<u>27,895</u>	<u>400</u>
Total Leisure Time Activities	<u>61,745</u>	<u>61,345</u>	<u>400</u>
Transportation:			
Streets Department:			
Contractual Services	3,215	3,215	0
Materials and Supplies	30,000	30,000	0
Capital Outlay	547,224	547,224	0
Total Transportation	<u>580,439</u>	<u>580,439</u>	<u>0</u>
Total Expenditures	<u>763,016</u>	<u>760,689</u>	<u>2,327</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(589,016)	(186,227)	402,789
Other Financing Sources (Uses):			
Transfers In	0	458,375	458,375
Total Other Financing Sources (Uses)	<u>0</u>	<u>458,375</u>	<u>458,375</u>
Net Change in Fund Balance	(589,016)	272,148	861,164
Fund Balance at Beginning of Year	1,740,971	1,740,971	0
Prior Year Encumbrances	21,000	21,000	0
Fund Balance at End of Year	<u>\$ 1,172,955</u>	<u>\$ 2,034,119</u>	<u>\$ 861,164</u>

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 376,000	\$ 428,436	\$ 52,436
All Other Revenues	0	1,735	1,735
Total Revenues	<u>376,000</u>	<u>430,171</u>	<u>54,171</u>
Expenditures:			
Transportation:			
Street Department:			
Personal Services	543,887	499,944	43,943
Materials and Supplies	205,516	176,530	28,986
Contractual Services	136,368	115,168	21,200
Capital Outlay	26,575	14,062	12,513
Total Expenditures	<u>912,346</u>	<u>805,704</u>	<u>106,642</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(536,346)	(375,533)	160,813
Other Financing Sources (Uses):			
Transfers In	345,500	346,520	1,020
Total Other Financing Sources (Uses)	<u>345,500</u>	<u>346,520</u>	<u>1,020</u>
Net Change in Fund Balance	(190,846)	(29,013)	161,833
Fund Balance at Beginning of Year	280,834	280,834	0
Prior Year Encumbrances	8,584	8,584	0
Fund Balance at End of Year	<u>\$ 98,572</u>	<u>\$ 260,405</u>	<u>\$ 161,833</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 30,550	\$ 34,738	\$ 4,188
Investment Earnings	175	0	(175)
Total Revenues	<u>30,725</u>	<u>34,738</u>	<u>4,013</u>
Expenditures:			
Transportation:			
Street Department:			
Materials and Supplies	41,500	12,000	29,500
Contractual Services	<u>14,000</u>	<u>11,728</u>	<u>2,272</u>
Total Expenditures	<u>55,500</u>	<u>23,728</u>	<u>31,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,775)	11,010	35,785
Fund Balance at Beginning of Year	<u>159,432</u>	<u>159,432</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 134,657</u>	<u>\$ 170,442</u>	<u>\$ 35,785</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014**

SWIMMING POOL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 568,000	\$ 388,161	\$ (179,839)
All Other Revenues	8,100	11,888	3,788
Total Revenues	<u>576,100</u>	<u>400,049</u>	<u>(176,051)</u>
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	260,759	260,759	0
Materials and Supplies	47,524	46,565	959
Contractual Services	81,037	81,037	0
Capital Outlay	36,893	36,893	0
Total Leisure Time Activities	<u>426,213</u>	<u>425,254</u>	<u>959</u>
Debt Service:			
Principal Retirement	110,000	110,000	0
Interest and Fiscal Charges	32,169	32,169	0
Total Expenditures	<u>568,382</u>	<u>567,423</u>	<u>959</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,718	(167,374)	(175,092)
Other Financing Sources (Uses):			
Transfers In	0	162,000	162,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>162,000</u>	<u>162,000</u>
Net Change in Fund Balance	7,718	(5,374)	(13,092)
Fund Balance at Beginning of Year	7,256	7,256	0
Fund Balance at End of Year	<u>\$ 14,974</u>	<u>\$ 1,882</u>	<u>\$ (13,092)</u>

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 148,000	\$ 152,182	\$ 4,182
Total Revenues	<u>148,000</u>	<u>152,182</u>	<u>4,182</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	148,000	152,182	4,182
Fund Balance at Beginning of Year	<u>117,963</u>	<u>117,963</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 265,963</u>	<u>\$ 270,145</u>	<u>\$ 4,182</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 71,658	\$ 74,151	\$ 2,493
Intergovernmental Revenues	31,712	7,464	(24,248)
Total Revenues	<u>103,370</u>	<u>81,615</u>	<u>(21,755)</u>
Expenditures:			
Security of Persons and Property:			
Fire:			
Personal Services	243,580	217,531	26,049
Contractual Services	2,050	1,199	851
Total Expenditures	<u>245,630</u>	<u>218,730</u>	<u>26,900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(142,260)	(137,115)	5,145
Other Financing Sources (Uses):			
Transfers In	127,000	149,000	22,000
Total Other Financing Sources (Uses)	<u>127,000</u>	<u>149,000</u>	<u>22,000</u>
Net Change in Fund Balance	(15,260)	11,885	27,145
Fund Balance at Beginning of Year	15,260	15,260	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 27,145</u>	<u>\$ 27,145</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014**

POLICE PENSION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 73,039	\$ 72,684	\$ (355)
Intergovernmental Revenues	7,139	7,404	265
All Other Revenues	0	400	400
Total Revenues	<u>80,178</u>	<u>80,488</u>	<u>310</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Personal Services	267,400	249,023	18,377
Contractual Services	2,050	1,199	851
Total Expenditures	<u>269,450</u>	<u>250,222</u>	<u>19,228</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,272)	(169,734)	19,538
Other Financing Sources (Uses):			
Transfers In	165,500	165,500	0
Total Other Financing Sources (Uses)	<u>165,500</u>	<u>165,500</u>	<u>0</u>
Net Change in Fund Balance	(23,772)	(4,234)	19,538
Fund Balance at Beginning of Year	23,772	23,772	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 19,538</u>	<u>\$ 19,538</u>

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LAW ENFORCEMENT TRUST FUND			
Revenues:			
Charges for Services	\$ 2,000	\$ 11,102	\$ 9,102
Fines and Forfeitures	30,827	29,703	(1,124)
All Other Revenues	2,000	10,377	8,377
Total Revenues	<u>34,827</u>	<u>51,182</u>	<u>16,355</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	5,000	5,000	0
Contractual Services	52,450	42,352	10,098
Capital Outlay	13,413	13,413	0
Total Expenditures	<u>70,863</u>	<u>60,765</u>	<u>10,098</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,036)	(9,583)	26,453
Fund Balance at Beginning of Year	25,253	25,253	0
Prior Year Encumbrances	10,783	10,783	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 26,453</u>	<u>\$ 26,453</u>

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014***

POLICE PROFESSIONAL TRAINING FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>601</u>	<u>601</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 601</u>	<u>\$ 601</u>	<u>\$ 0</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014**

ENFORCEMENT AND EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	<u>\$ 900</u>	<u>\$ 1,079</u>	<u>\$ 179</u>
Total Revenues	<u>900</u>	<u>1,079</u>	<u>179</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	<u>7,000</u>	<u>1,953</u>	<u>5,047</u>
Total Expenditures	<u>7,000</u>	<u>1,953</u>	<u>5,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,100)	(874)	5,226
Fund Balance at Beginning of Year	<u>14,556</u>	<u>14,556</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,456</u>	<u>\$ 13,682</u>	<u>\$ 5,226</u>

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014***

	D.A.R.E. FUND		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>365</u>	<u>365</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 365</u>	<u>\$ 365</u>	<u>\$ 0</u>

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 2,200	\$ 2,205	\$ 5
Investment Earnings	315	330	15
Total Revenues	<u>2,515</u>	<u>2,535</u>	<u>20</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,515	2,535	20
Fund Balance at Beginning of Year	<u>84,791</u>	<u>84,791</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 87,306</u>	<u>\$ 87,326</u>	<u>\$ 20</u>

CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2014***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 304,500	\$ 309,815	\$ 5,315
Total Revenues	<u>304,500</u>	<u>309,815</u>	<u>5,315</u>
Expenditures:			
Debt Service:			
Principal Retirement	235,000	235,000	0
Interest and Fiscal Charges	49,750	49,750	0
Total Expenditures	<u>284,750</u>	<u>284,750</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,750	25,065	5,315
Fund Balance at Beginning of Year	34,024	34,024	0
Fund Balance at End of Year	<u>\$ 53,774</u>	<u>\$ 59,089</u>	<u>\$ 5,315</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2014**

IRVING WICK DRIVE IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers Out	<u>(1,517)</u>	<u>(1,517)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,517)</u>	<u>(1,517)</u>	<u>0</u>
Net Change in Fund Balance	(1,517)	(1,517)	0
Fund Balance at Beginning of Year	1,517	1,517	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HEATH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2014**

	PAVING FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers Out	(8,158)	(8,158)	0
Total Other Financing Sources (Uses)	(8,158)	(8,158)	0
Net Change in Fund Balance	(8,158)	(8,158)	0
Fund Balance at Beginning of Year	8,158	8,158	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

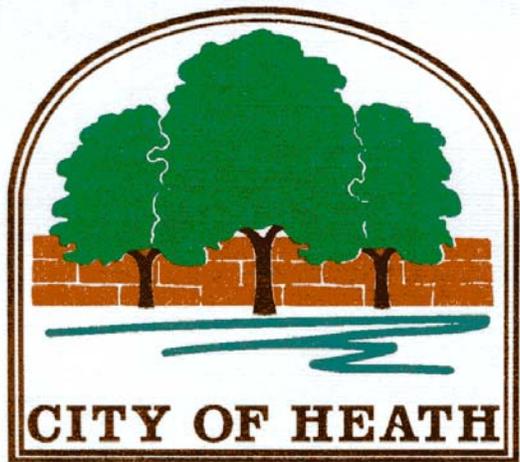
CITY OF HEATH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2014***

GELLER PARK PLAYGROUND EQUIPMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 13,677	\$ 13,677	\$ 0
Total Revenues	<u>13,677</u>	<u>13,677</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,677	13,677	0
Fund Balance at Beginning of Year	(13,677)	(13,677)	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

STATISTICAL SECTION



STATISTICAL TABLES

This part of the City’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 City’s overall financial health.

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
Debt Capacity	S 18 – S 25
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 30 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City 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.	

City of Heath

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

	2005	2006	2007	2008
Governmental Activities:				
Net Investment in Capital Assets	\$16,428,030	\$18,092,381	\$23,589,938	\$22,695,332
Restricted	3,455,361	3,371,442	3,693,753	4,153,096
Unrestricted	2,413,975	3,017,476	3,427,382	2,601,396
Total Governmental Activities Net Position	<u>\$22,297,366</u>	<u>\$24,481,299</u>	<u>\$30,711,073</u>	<u>\$29,449,824</u>
Business-type Activities:				*
Net Investment in Capital Assets	\$10,598,772	\$10,723,136	\$11,369,769	\$11,437,704
Unrestricted	3,602,895	4,146,637	3,585,259	3,966,942
Total Business-type Activities Net Position	<u>\$14,201,667</u>	<u>\$14,869,773</u>	<u>\$14,955,028</u>	<u>\$15,404,646</u>
Primary Government:				
Net Investment in Capital Assets	\$27,026,802	\$28,815,517	\$34,959,707	\$34,133,036
Restricted	3,455,361	3,371,442	3,693,753	4,153,096
Unrestricted	6,016,870	7,164,113	7,012,641	6,568,338
Total Primary Government Net Position	<u>\$36,499,033</u>	<u>\$39,351,072</u>	<u>\$45,666,101</u>	<u>\$44,854,470</u>

Source: City Auditor's Office

* 2008 Business-type Activities were restated

* 2010 Governmental Activities were restated

City of Heath

2009	2010	2011	2012	2013	2014
	*				
\$24,757,330	\$26,920,239	\$29,909,342	\$31,800,652	\$32,791,239	\$32,879,970
4,440,662	4,052,345	3,049,296	3,354,720	3,130,915	3,667,955
3,344,138	2,584,668	3,096,541	2,886,273	3,258,587	2,440,060
<u>\$32,542,130</u>	<u>\$33,557,252</u>	<u>\$36,055,179</u>	<u>\$38,041,645</u>	<u>\$39,180,741</u>	<u>\$38,987,985</u>
\$11,511,143	\$11,458,893	\$12,254,042	\$13,030,295	\$13,374,041	\$14,265,581
3,955,176	5,016,822	4,716,959	5,429,089	5,326,656	4,739,528
<u>\$15,466,319</u>	<u>\$16,475,715</u>	<u>\$16,971,001</u>	<u>\$18,459,384</u>	<u>\$18,700,697</u>	<u>\$19,005,109</u>
\$36,268,473	\$38,379,132	\$42,163,384	\$44,830,947	\$46,165,280	\$47,145,551
4,440,662	4,052,345	3,049,296	3,354,720	3,130,915	3,667,955
7,299,314	7,601,490	7,813,500	8,315,362	8,585,243	7,179,588
<u>\$48,008,449</u>	<u>\$50,032,967</u>	<u>\$53,026,180</u>	<u>\$56,501,029</u>	<u>\$57,881,438</u>	<u>\$57,993,094</u>

City of Heath

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

	2005	2006	2007	2008
Expenses				
Governmental Activities:				
Security of Persons and Property	\$4,329,101	\$4,518,609	\$4,412,475	\$5,033,962
Public Health and Welfare Services	52,500	54,000	55,000	55,500
Leisure Time Activities	1,294,346	1,294,137	1,165,587	1,553,376
Community Environment	293,980	289,516	116,430	248,044
Basic Utility Services	0	0	48,759	12,585
Transportation	1,753,609	1,418,985	1,611,106	1,716,140
General Government	1,278,537	1,313,015	1,480,358	1,862,217
Interest and Fiscal Charges	235,853	223,289	211,364	201,466
<i>Total Governmental Activities Expenses</i>	<u>9,237,926</u>	<u>9,111,551</u>	<u>9,101,079</u>	<u>10,683,290</u>
Business-type Activities:				
Water	1,449,520	1,387,196	1,572,649	1,499,924
Sewer	1,853,411	1,837,990	1,994,356	1,992,845
<i>Total Business-type Activities Expenses</i>	<u>3,302,931</u>	<u>3,225,186</u>	<u>3,567,005</u>	<u>3,492,769</u>
<i>Total Primary Government Expenses</i>	<u>\$12,540,857</u>	<u>\$12,336,737</u>	<u>\$12,668,084</u>	<u>\$14,176,059</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$101,573	\$97,499	\$414,707	\$427,535
Leisure Time Activities	713,325	714,341	681,222	637,733
Community Environment	33,563	25,829	52,913	22,902
Basic Utility Services	0	0	4,592	107
Transportation	120,282	16,573	18,538	6,377
General Government	6,899	0	2,119	8,950
Operating Grants and Contributions	605,977	522,557	641,109	593,995
Capital Grants and Contributions	153,096	2,023,759	5,408,548	24,050
<i>Total Governmental Activities Program Revenues</i>	<u>1,734,715</u>	<u>3,400,558</u>	<u>7,223,748</u>	<u>1,721,649</u>

City of Heath

2009	2010	2011	2012	2013	2014
\$4,799,533	\$4,950,795	\$4,910,998	\$5,152,842	\$5,038,710	\$5,361,303
55,500	55,500	56,000	56,500	55,970	55,970
1,389,421	1,324,421	1,458,652	1,345,282	1,311,818	1,387,265
296,573	249,028	326,445	279,054	100,943	270,574
0	399,949	252,530	0	0	0
1,698,702	1,692,428	1,387,741	2,359,144	1,709,162	1,267,738
1,863,206	1,482,172	1,423,316	1,345,507	1,397,774	1,453,988
213,056	158,538	238,230	86,813	189,630	84,363
<u>10,315,991</u>	<u>10,312,831</u>	<u>10,053,912</u>	<u>10,625,142</u>	<u>9,804,007</u>	<u>9,881,201</u>
1,535,122	1,541,351	1,588,324	1,653,612	1,757,595	1,867,677
2,145,932	1,928,841	2,094,078	1,910,598	2,401,452	2,038,089
<u>3,681,054</u>	<u>3,470,192</u>	<u>3,682,402</u>	<u>3,564,210</u>	<u>4,159,047</u>	<u>3,905,766</u>
<u>\$13,997,045</u>	<u>\$13,783,023</u>	<u>\$13,736,314</u>	<u>\$14,189,352</u>	<u>\$13,963,054</u>	<u>\$13,786,967</u>
\$2,017,435	\$471,415	\$431,382	\$496,150	\$476,054	\$487,374
527,712	558,966	520,995	511,839	464,282	425,487
24,464	35,658	20,355	34,921	15,265	18,085
0	5,256	5,136	0	0	0
80,750	4,383	8,981	17,804	131,883	9,929
12,075	15,220	11,890	12,422	11,400	11,800
677,664	641,344	667,962	618,558	661,798	661,083
2,825,769	1,596,123	3,306,967	3,563,796	1,263,959	400,859
<u>6,165,869</u>	<u>3,328,365</u>	<u>4,973,668</u>	<u>5,255,490</u>	<u>3,024,641</u>	<u>2,014,617</u>

(continued)

City of Heath

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

	2005	2006	2007	2008
Business-type Activities:				
Charges for Services				
Water	1,297,785	1,369,475	1,409,782	1,505,580
Sewer	2,455,205	2,346,580	2,340,830	2,319,071
Capital Grants and Contributions	132,480	79,381	74,101	124,099
<i>Total Business-type Activities Program Revenues</i>	3,885,470	3,795,436	3,824,713	3,948,750
<i>Total Primary Government Program Revenues</i>	5,620,185	7,195,994	11,048,461	5,670,399
Net (Expense)/Revenue				
Governmental Activities	(7,503,211)	(5,710,993)	(1,877,331)	(8,961,641)
Business-type Activities	582,539	570,250	257,708	455,981
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$6,920,672)	(\$5,140,743)	(\$1,619,623)	(\$8,505,660)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	\$1,233,678	\$1,260,147	\$1,328,913	\$1,201,564
Municipal Income Taxes	4,833,456	5,487,407	5,117,840	5,144,879
Other Local Taxes	13,306	13,295	12,834	12,203
Intergovernmental Revenue, Unrestricted	609,450	736,664	845,213	945,401
Investment Earnings	191,143	333,854	545,309	339,715
Miscellaneous	78,959	63,559	41,546	57,959
Transfers	33,166	0	215,450	(1,329)
<i>Total Governmental Activities</i>	6,993,158	7,894,926	8,107,105	7,700,392
Business-type Activities:				
Investment Earnings	20,949	97,856	42,997	94,826
Transfers	(33,166)	0	(215,450)	1,329
<i>Total Business-type Activities</i>	(12,217)	97,856	(172,453)	96,155
<i>Total Primary Government</i>	\$6,980,941	\$7,992,782	\$7,934,652	\$7,796,547
Change in Net Position				
Governmental Activities	(\$510,053)	\$2,183,933	\$6,229,774	(\$1,261,249)
Business-type Activities	570,322	668,106	85,255	552,136
<i>Total Primary Government Change in Net Position</i>	\$60,269	\$2,852,039	\$6,315,029	(\$709,113)

Source: City Auditor's Office

City of Heath

2009	2010	2011	2012	2013	2014
1,495,259	1,619,913	1,794,547	1,989,091	1,999,935	2,245,921
2,212,708	2,281,012	2,111,192	2,022,158	1,959,494	1,947,153
0	563,705	252,530	1,018,846	439,066	8,962
<u>3,707,967</u>	<u>4,464,630</u>	<u>4,158,269</u>	<u>5,030,095</u>	<u>4,398,495</u>	<u>4,202,036</u>
<u>9,873,836</u>	<u>7,792,995</u>	<u>9,131,937</u>	<u>10,285,585</u>	<u>7,423,136</u>	<u>6,216,653</u>
(4,150,122)	(6,984,466)	(5,080,244)	(5,369,652)	(6,779,366)	(7,866,584)
26,913	994,438	475,867	1,465,885	239,448	296,270
<u>(\$4,123,209)</u>	<u>(\$5,990,028)</u>	<u>(\$4,604,377)</u>	<u>(\$3,903,767)</u>	<u>(\$6,539,918)</u>	<u>(\$7,570,314)</u>
\$1,187,092	\$1,183,579	\$1,174,167	\$1,160,354	\$1,122,287	\$1,183,320
4,970,988	4,888,977	5,278,585	5,411,079	5,952,155	5,716,808
10,671	10,098	10,388	9,793	8,823	5,647
835,972	947,666	814,944	566,595	680,850	595,813
173,836	160,386	82,186	126,018	16,848	65,477
87,516	73,618	217,901	82,279	137,499	106,763
(23,647)	0	0	0	0	0
<u>7,242,428</u>	<u>7,264,324</u>	<u>7,578,171</u>	<u>7,356,118</u>	<u>7,918,462</u>	<u>7,673,828</u>
11,113	14,958	19,419	22,498	1,865	8,142
23,647	0	0	0	0	0
<u>34,760</u>	<u>14,958</u>	<u>19,419</u>	<u>22,498</u>	<u>1,865</u>	<u>8,142</u>
<u>\$7,277,188</u>	<u>\$7,279,282</u>	<u>\$7,597,590</u>	<u>\$7,378,616</u>	<u>\$7,920,327</u>	<u>\$7,681,970</u>
\$3,092,306	\$279,858	\$2,497,927	\$1,986,466	\$1,139,096	(\$192,756)
61,673	1,009,396	495,286	1,488,383	241,313	304,412
<u>\$3,153,979</u>	<u>\$1,289,254</u>	<u>\$2,993,213</u>	<u>\$3,474,849</u>	<u>\$1,380,409</u>	<u>\$111,656</u>

City of Heath

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

	2005	2006	2007	2008
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	150,353	190,870	304,325	229,436
Unreserved	2,538,481	3,043,064	3,405,304	2,701,779
Total General Fund	<u>2,688,834</u>	<u>3,233,934</u>	<u>3,709,629</u>	<u>2,931,215</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	877,324	683,026	884,924	519,403
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	404,562	698,812	644,659	829,632
Capital Projects Funds	1,959,028	1,789,751	1,931,812	2,652,964
Permanent Fund	74,021	80,374	86,791	91,485
Total All Other Governmental Funds	<u>3,314,935</u>	<u>3,251,963</u>	<u>3,548,186</u>	<u>4,093,484</u>
Total Governmental Funds	<u>\$6,003,769</u>	<u>\$6,485,897</u>	<u>\$7,257,815</u>	<u>\$7,024,699</u>

Source: City Auditor's Office

* - The Conn Memorial Trust was reclassified from a Permanent Fund to a Special Revenue Fund in 2010

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

City of Heath

2009	2010	2011	2012	2013	2014
\$0	\$0	\$108,830	\$79,556	\$109,310	\$111,399
0	0	42,354	483,099	368,215	400,358
0	0	3,363,560	2,730,440	3,187,395	2,473,305
1,366,672	1,223,828	0	0	0	0
2,408,783	2,533,280	0	0	0	0
<u>3,775,455</u>	<u>3,757,108</u>	<u>3,514,744</u>	<u>3,293,095</u>	<u>3,664,920</u>	<u>2,985,062</u>
0	0	87,846	89,134	76,285	110,490
0	0	959,738	1,237,199	1,121,720	1,265,681
0	0	1,981,100	2,004,556	1,845,600	2,133,328
0	0	(129,613)	(134,960)	(13,677)	0
412,014	323,587	0	0	0	0
807,272	826,636	0	0	0	0
3,070,331	2,123,013	0	0	0	0
83,268 *	0	0	0	0	0
<u>4,372,885</u>	<u>3,273,236</u>	<u>2,899,071</u>	<u>3,195,929</u>	<u>3,029,928</u>	<u>3,509,499</u>
<u>\$8,148,340</u>	<u>\$7,030,344</u>	<u>\$6,413,815</u>	<u>\$6,489,024</u>	<u>\$6,694,848</u>	<u>\$6,494,561</u>

City of Heath

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

	2005	2006	2007	2008
Revenues:				
Taxes	\$6,103,117	\$6,765,736	\$6,511,364	\$6,372,485
Intergovernmental Revenues	1,294,553	1,558,369	2,019,146	1,690,485
Charges for Services	706,904	683,875	951,735	985,547
Licenses and Permits	46,232	76,891	59,600	29,849
Investment Earnings	161,518	320,207	599,005	348,790
Fines and Forfeitures	34,812	41,611	52,689	51,154
All Other Revenue	266,653	115,424	151,613	95,013
Total Revenue	<u>8,613,789</u>	<u>9,562,113</u>	<u>10,345,152</u>	<u>9,573,323</u>
Expenditures:				
Current:				
Security of Persons and Property	4,473,935	4,340,627	4,679,467	4,895,866
Public Health and Welfare Services	52,500	54,000	55,000	55,500
Leisure Time Activities	1,119,728	1,588,478	1,537,158	1,316,678
Community Environment	261,315	277,529	286,914	257,489
Basic Utility Services	0	0	48,759	12,585
Transportation	1,267,352	1,187,069	1,304,268	1,259,204
General Government	1,260,752	1,274,127	1,434,312	1,568,514
Debt Service:				
Principal Retirement	436,960	251,721	254,165	262,600
Interest and Fiscal Charges	237,609	221,879	212,555	202,775
Total Expenditures	<u>9,110,151</u>	<u>9,195,430</u>	<u>9,812,598</u>	<u>9,831,211</u>
Excess (Deficiency) of Revenues Over Expenditures	(496,362)	366,683	532,554	(257,888)

City of Heath

2009	2010	2011	2012	2013	2014
\$6,129,963	\$6,076,179	\$6,484,185	\$6,577,781	\$7,108,267	\$6,903,383
1,836,354	1,813,302	1,564,668	4,810,389	2,635,926	1,617,442
872,267	921,061	896,001	951,566	837,316	853,057
28,382	40,464	24,697	40,331	15,867	17,872
173,836	160,386	82,186	126,018	16,848	65,477
1,660,638	91,921	39,504	43,048	47,797	42,425
188,665	111,070	256,438	120,470	335,403	146,084
<u>10,890,105</u>	<u>9,214,383</u>	<u>9,347,679</u>	<u>12,669,603</u>	<u>10,997,424</u>	<u>9,645,740</u>
4,564,283	4,832,359	4,949,955	5,006,695	4,984,224	5,232,686
55,500	55,500	56,000	56,500	55,970	55,970
1,218,719	1,388,567	1,291,498	1,158,961	1,080,375	1,111,702
296,209	248,970	322,269	274,696	272,127	249,678
0	399,949	252,530	0	0	0
1,301,307	1,505,871	1,382,405	4,341,346	2,632,997	1,376,248
1,784,830	1,440,850	1,360,970	1,334,738	1,307,183	1,400,963
283,344	299,111	322,047	344,037	265,049	371,439
199,411	159,796	164,084	123,368	190,548	85,509
<u>9,703,603</u>	<u>10,330,973</u>	<u>10,101,758</u>	<u>12,640,341</u>	<u>10,788,473</u>	<u>9,884,195</u>
1,186,502	(1,116,590)	(754,079)	29,262	208,951	(238,455)

(Continued)

City of Heath

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Other Financing Sources (Uses):				
Capital Leases Issued	0	89,348	0	0
Refunding Bonds Issued	0	0	0	0
Premium on Refunding Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	1,310,436	625,678	920,187	1,321,249
Transfers Out	<u>(1,277,270)</u>	<u>(625,678)</u>	<u>(704,737)</u>	<u>(1,322,578)</u>
Total Other Financing Sources (Uses)	<u>33,166</u>	<u>89,348</u>	<u>215,450</u>	<u>(1,329)</u>
Net Change in Fund Balance	<u><u>(\$463,196)</u></u>	<u><u>\$456,031</u></u>	<u><u>\$748,004</u></u>	<u><u>(\$259,217)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	7.40%	5.15%	4.76%	4.73%

Source: City Auditor's Office

City of Heath

2009	2010	2011	2012	2013	2014
0	0	61,655	49,319	0	0
1,195,000	0	1,325,000	1,300,000	0	0
11,337	0	7,861	40,480	0	0
(1,178,173)	0	(1,283,255)	(1,301,248)	0	0
511,534	684,767	1,223,023	788,460	784,025	1,281,395
(535,181)	(684,767)	(1,223,023)	(806,460)	(784,025)	(1,281,395)
4,517	0	111,261	70,551	0	0
<u>\$1,191,019</u>	<u>(\$1,116,590)</u>	<u>(\$642,818)</u>	<u>\$99,813</u>	<u>\$208,951</u>	<u>(\$238,455)</u>
4.98%	4.44%	7.86%	4.68%	5.16%	5.04%

City of Heath

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$258,803	\$284,358	\$297,115	\$303,766
Total Tax Collected	\$5,004,128	\$5,430,307	\$5,372,699	\$5,292,914
Income Tax Receipts				
Withholding	4,072,849	4,154,215	4,236,786	4,362,702
Percentage	81.39%	76.50%	78.86%	82.42%
Corporate	569,139	913,764	760,337	580,904
Percentage	11.37%	16.83%	14.15%	10.98%
Individuals	362,140	362,328	375,576	349,308
Percentage	7.24%	6.67%	6.99%	6.60%

Source: City Income Tax Department

City of Heath

2009	2010	2011	2012	2013	2014
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$305,863	\$357,458	\$386,532	\$410,854	\$412,596	\$412,596
\$5,082,838	\$5,016,826	\$5,448,282	\$5,568,605	\$6,128,745	\$5,942,600
4,158,728	4,251,397	4,366,508	4,490,301	4,469,690	4,456,950
81.82%	84.74%	80.15%	80.64%	72.93%	75.00%
593,661	433,893	715,508	714,709	1,266,038	1,064,014
11.68%	8.65%	13.13%	12.83%	20.66%	17.90%
330,449	331,536	366,266	363,595	393,017	421,636
6.50%	6.61%	6.72%	6.53%	6.41%	7.10%



City of Heath

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2014						
Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.19%	\$152,215,667	38.42%	\$2,283,235	38.42%
All Others	5,344	99.81%	243,957,667	61.58%	3,659,365	61.58%
Total	5,354	100.00%	\$396,173,334	100.00%	\$5,942,600	100.00%

Calendar Year 2005						
Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.19%	\$143,718,200	43.08%	\$2,155,773	43.08%
All Others	5,392	99.81%	189,890,333	56.92%	2,848,355	56.92%
Total	5,402	100.00%	\$333,608,533	100.00%	\$5,004,128	100.00%

Source: City Income Tax Department

City of Heath

Ratio of Outstanding Debt By Type Last Ten Years

	2005	2006	2007	2008
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$4,950,000	\$4,715,000	\$4,480,000	\$4,235,000
Capital Leases	6,964	79,591	60,426	42,826
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	2,475,000	2,330,000	2,180,000	2,025,000
Ohio Water Development Authority Loans	5,866,987	5,735,892	4,794,983	4,129,717
Ohio Public Works Commission Loan	0	0	104,256	102,518
Total Primary Government	<u>\$13,298,951</u>	<u>\$12,860,483</u>	<u>\$11,619,665</u>	<u>\$10,535,061</u>
Population ⁽²⁾				
City of Heath	8,527	8,527	8,527	8,527
Outstanding Debt Per Capita	\$1,560	\$1,508	\$1,363	\$1,235
Income ⁽³⁾				
Personal (in thousands)	258,803	284,358	297,115	303,766
Percentage of Personal Income	5.14%	4.52%	3.91%	3.47%

Sources:

- (1) City Auditor's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Heath

2009	2010	2011	2012	2013	2014
\$4,015,000	\$3,735,000	\$3,555,000	\$3,225,000	\$2,985,000	\$2,640,000
24,482	5,371	49,979	90,261	65,212	38,773
1,915,000	1,720,000	1,520,000	1,870,000	2,970,000	2,570,000
3,432,074	4,118,537	6,081,565	5,942,607	5,650,424	5,360,803
100,780	97,304	93,828	90,352	380,566	353,326
<u>\$9,487,336</u>	<u>\$9,676,212</u>	<u>\$11,300,372</u>	<u>\$11,218,220</u>	<u>\$12,051,202</u>	<u>\$10,962,902</u>
8,527	10,310	10,310	10,310	10,310	10,310
\$1,113	\$939	\$1,096	\$1,088	\$1,169	\$1,063
305,863	357,458	386,532	410,854	412,596	412,596
3.10%	2.71%	2.92%	2.73%	2.92%	2.66%

City of Heath

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2005	2006	2007	2008
Population ⁽¹⁾	8,527	8,527	8,527	8,527
Assessed Value ⁽²⁾	\$302,719,520	\$281,821,460	\$275,592,260	\$264,682,730
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$7,425,000	\$7,045,000	\$6,660,000	\$6,260,000
Resources Available to Pay Principal ⁽⁴⁾	\$245,652	\$227,198	\$207,537	\$187,176
Net General Bonded Debt	\$7,179,348	\$6,817,802	\$6,452,463	\$6,072,824
Ratio of Net Bonded Debt to Estimated Actual Value	2.37%	2.42%	2.34%	2.29%
Net Bonded Debt per Capita	\$841.95	\$799.55	\$756.71	\$712.19

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.

City of Heath

2009	2010	2011	2012	2013	2014
8,527	10,310	10,310	10,310	10,310	10,310
\$264,119,110	\$264,895,150	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375
\$5,930,000	\$5,455,000	\$5,075,000	\$5,095,000	\$5,955,000	\$5,210,000
\$165,163	\$134,952	\$134,241	\$151,211	\$63,473	\$89,396
\$5,764,837	\$5,320,048	\$4,940,759	\$4,943,789	\$5,891,527	\$5,120,604
2.18%	2.01%	1.84%	1.83%	2.16%	1.89%
\$676.07	\$516.01	\$479.22	\$479.51	\$571.44	\$496.66



City of Heath

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2014*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Heath (1)</u>	<u>Amount Applicable to the City of Heath</u>
Direct:			
City of Heath	\$2,678,773	100.00%	\$2,678,773
Overlapping:			
Heath City School District	15,560,000	100.00%	15,560,000
Licking County	16,265,287	7.26%	<u>1,180,860</u>
		Subtotal	<u>16,740,860</u>
		Total	<u><u>\$19,419,633</u></u>

Source: Licking County

(1) Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

City of Heath

Debt Limitations Last Ten Years

Collection Year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$302,719,520	\$281,821,460	\$275,592,260	\$264,682,730
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	31,785,550	29,591,253	28,937,187	27,791,687
City Debt Outstanding ⁽²⁾	4,950,000	4,715,000	4,480,000	4,235,000
Less: Applicable Debt Service Fund Amounts	<u>(245,652)</u>	<u>(227,198)</u>	<u>(207,537)</u>	<u>(187,176)</u>
Net Indebtedness Subject to Limitation	<u>4,704,348</u>	<u>4,487,802</u>	<u>4,272,463</u>	<u>4,047,824</u>
Overall Legal Debt Margin	<u><u>\$27,081,202</u></u>	<u><u>\$25,103,451</u></u>	<u><u>\$24,664,724</u></u>	<u><u>\$23,743,863</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$302,719,520	\$281,821,460	\$275,592,260	\$264,682,730
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	16,649,574	15,500,180	15,157,574	14,557,550
City Debt Outstanding ⁽²⁾	4,950,000	4,715,000	4,480,000	4,235,000
Less: Applicable Debt Service Fund Amounts	<u>(245,652)</u>	<u>(227,198)</u>	<u>(207,537)</u>	<u>(187,176)</u>
Net Indebtedness Subject to Limitation	<u>4,704,348</u>	<u>4,487,802</u>	<u>4,272,463</u>	<u>4,047,824</u>
Overall Legal Debt Margin	<u><u>\$11,945,226</u></u>	<u><u>\$11,012,378</u></u>	<u><u>\$10,885,111</u></u>	<u><u>\$10,509,726</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

City of Heath

2009	2010	2011	2012	2013	2014
\$264,119,110	\$264,895,150	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,732,507	27,813,991	28,165,125	28,431,936	28,652,196	28,476,984
4,015,000	3,735,000	3,555,000	3,225,000	2,985,000	2,640,000
(165,163)	(134,952)	(134,241)	(151,211)	(63,473)	(89,396)
<u>3,849,837</u>	<u>3,600,048</u>	<u>3,420,759</u>	<u>3,073,789</u>	<u>2,921,527</u>	<u>2,550,604</u>
<u>\$23,882,670</u>	<u>\$24,213,943</u>	<u>\$24,744,366</u>	<u>\$25,358,147</u>	<u>\$25,730,669</u>	<u>\$25,926,380</u>
\$264,119,110	\$264,895,150	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,526,551	14,569,233	14,753,161	14,892,919	15,008,293	14,916,516
4,015,000	3,735,000	3,555,000	3,225,000	2,985,000	2,640,000
(165,163)	(134,952)	(134,241)	(151,211)	(63,473)	(89,396)
<u>3,849,837</u>	<u>3,600,048</u>	<u>3,420,759</u>	<u>3,073,789</u>	<u>2,921,527</u>	<u>2,550,604</u>
<u>\$10,676,714</u>	<u>\$10,969,185</u>	<u>\$11,332,402</u>	<u>\$11,819,130</u>	<u>\$12,086,766</u>	<u>\$12,365,912</u>

City of Heath

Demographic and Economic Statistics Last Ten Years

Calendar Year	2005	2006	2007	2008	2009
Population ⁽¹⁾					
City of Heath	8,527	8,527	8,527	8,527	8,527
Licking County	145,491	145,491	145,491	145,491	145,491
Income ^{(2) (a)}					
Total Personal (in thousands)	258,803	284,358	297,115	303,766	305,863
Per Capita	30,351	33,348	34,844	35,624	35,870
Unemployment Rate ⁽³⁾					
Federal	5.5%	5.0%	4.6%	5.8%	9.3%
State	6.0%	5.9%	5.6%	6.6%	10.2%
Licking County	5.8%	5.1%	5.2%	6.1%	9.3%
Civilian Work Force Estimates ⁽³⁾					
State	5,900,400	5,934,000	5,976,500	5,929,800	5,900,500
Licking County	81,100	82,700	84,500	85,900	84,100

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2013 for the presentation of 2014 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

City of Heath

2010	2011	2012	2013	2014
10,310	10,310	10,310	10,310	10,310
166,492	166,492	166,492	166,492	166,492
357,458	386,532	410,854	412,596	412,596
34,671	37,491	39,850	40,019	40,019
9.6%	8.9%	8.1%	7.4%	6.2%
10.1%	8.6%	7.2%	7.4%	5.7%
9.5%	8.0%	6.5%	6.9%	5.1%
5,894,000	5,806,500	5,747,900	5,765,700	5,719,500
83,500	84,400	84,800	85,800	87,200



City of Heath

Principal Employers Current Year and Nine Years Ago

		2014	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	797	1
Super Wal-Mart Stores	Retail Sales	434	2
Arvin/Meritor	Manufacturing	323	3
Kaiser Aluminum & Chemical Co.	Manufacturing	320	4
Heath City Schools	Education	254	5
Heath Nursing Home	Health Care	241	6
Lowe's Home Center	Retail Sales	240	7
Target Stores	Retail Sales	207	8
John Hinderer Honda	Retail Sales	162	9
Englefield Oil	Petroleum Products	141	10
Total		<u>3,119</u>	
		2005	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	940	1
Arvin/Meritor/Rockwell	Manufacturing	606	2
Kaiser Aluminum & Chemical Co.	Manufacturing	253	3
Wal-Mart Stores	Retail Sales	241	4
Heath Nursing Home	Health Care	219	5
Krogers	Retail Grocery	195	6
Lowe's Home Center	Retail Sales	193	7
Englefield Oil	Petroleum Products	177	8
Heath City Schools	Education	166	9
Sears	Retail Sales	156	10
Total		<u>3,146</u>	

Sources:

City of Heath Income Tax Department

Note: Total employees within the City limits is not available.

City of Heath

Full Time Equivalent Employees by Function Last Ten Years

	2005	2006	2007	2008	2009
Governmental Activities					
General Government					
Mayor	1.00	1.00	1.00	1.00	1.00
Auditor	1.00	1.00	1.00	1.00	1.00
Council	7.00	7.00	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00	1.00	1.00
Legal	2.00	2.00	2.00	2.00	2.00
Administration	3.00	3.25	3.50	3.50	3.25
Income Tax	4.00	4.00	4.00	4.00	4.00
Service	1.00	1.00	1.00	1.25	0.50
Security of Persons and Property					
Police	19.00	18.00	18.00	18.00	18.00
Fire	16.00	16.50	16.00	16.00	16.00
Communications	10.50	11.00	7.50	8.00	7.50
Transportation					
Street	10.00	9.00	8.50	7.50	8.50
Leisure Time Activities					
Recreation / Parks	8.25	8.00	7.75	7.50	6.25
Water Park	31.25	31.00	29.50	31.50	37.00
Community Environment					
Zoning	2.00	2.00	2.00	2.00	2.00
Business-Type Activities					
Utilities					
Water	8.00	8.25	7.50	8.00	9.50
Sewer	9.00	7.50	7.75	8.00	9.00
<i>Total Employees</i>	<u>134.00</u>	<u>131.50</u>	<u>125.00</u>	<u>127.25</u>	<u>133.50</u>

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

Source: City Auditor's Office

City of Heath

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.50	1.50
7.00	7.00	7.00	7.00	7.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	1.00	1.00
3.25	3.25	3.25	3.25	3.25
4.00	4.00	4.00	4.00	4.00
0.50	0.50	0.50	0.50	5.00
18.50	19.50	18.50	18.00	18.00
16.00	16.00	16.00	16.00	16.00
6.00	6.00	7.00	8.00	8.00
7.50	7.50	7.50	7.50	6.00
5.25	4.75	4.75	3.75	4.75
38.00	40.50	40.50	33.50	38.00
2.00	2.00	2.00	2.00	2.00
9.50	9.00	9.00	10.00	10.00
9.00	8.75	7.75	7.75	8.75
<u>131.50</u>	<u>133.75</u>	<u>132.75</u>	<u>125.75</u>	<u>135.25</u>

City of Heath

Operating Indicators by Function Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Council				
Members	7	7	7	7
Number of Ordinances passed	96	97	110	99
Number of Resolutions passed	15	11	10	7
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	1,135	1,523	1,582	1,412
Number of Arrests	583	589	600	472
Fire				
Number of Calls	1,864	1,914	1,964	2,058
Number of Inspections	354	320	342	522
Transportation				
Street				
Number of Streets Resurfaced	4	2	11	8
Leisure Time Activities				
Recreation / Parks				
Number of Pool/Water Park Memberships Sold	962	928	1,142	1,072
Community Environment				
Number of Building Permits	157	196	110	82
Number of Building Inspections	128	177	87	54
Number of Board of Building and Zoning Appeal Cases	26	20	19	16
Business-Type Activities				
Water				
Number of Service Connections	3,425	3,425	3,750	3,750
Daily Average Consumption (thousands of gallons)	1,200	1,300	1,300	1,300
Maximun Daily Capacity (thousands of gallons)	4,000	4,000	4,000	4,000
Sewer				
Daily Average Sewage Treatment (thousands of gallons)	1,300	1,300	1,600	1,600

Source: City Auditor's Office

City of Heath

2009	2010	2011	2012	2013	2014
7	7	7	7	7	7
112	81	100	83	100	92
6	8	10	10	7	7
1,286	1,312	1,054	813	697	662
470	471	548	547	613	658
2,122	2,038	2,052	2,303	2,393	2,420
432	415	392	395	390	400
11	7	1	0	15	2
950	930	994	952	846	757
80	74	81	53	43	60
66	48	31	41	40	45
11	11	17	9	8	11
3,750	4,285	3,764	3,800	3,700	3,824
1,300	1,200	1,200	1,200	1,200	1,150
4,000	4,000	4,000	4,000	4,000	4,000
1,600	1,300	1,472	1,273	1,300	1,390

City of Heath

Capital Asset Statistics by Function Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	132	132	132	132
Buildings	23	23	23	23
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Vehicles	8	8	8	7
Fire				
Stations	2	2	2	2
Vehicles	9	10	10	10
Transportation				
Street				
Streets (lane miles)	87	87	90	90
Street Lights	705	707	708	708
Traffic Signals (Intersections)	17	18	18	18
Vehicles	14	14	14	14
Leisure Time Activities				
Recreation / Parks				
Land (acres)	376	376	376	376
Buildings	2	2	2	2
Parks	11	11	11	11
Playgrounds	3	3	4	4
Swimming Pools	1	1	1	1
Baseball/Softball Diamonds	7	7	7	7
Sand Volleyball Courts	2	2	2	2

City of Heath

2009	2010	2011	2012	2013	2014
138	138	138	138	140	140
23	23	23	23	23	23
1	1	1	1	1	1
7	7	7	7	8	9
2	2	2	2	2	2
12	11	9	10	10	10
91	91	91	94	94	94
708	709	709	709	709	709
18	19	19	19	19	19
14	14	14	14	14	14
376	376	376	376	376	376
3	3	3	4	4	4
11	11	11	11	11	11
4	4	4	4	4	4
1	1	1	1	1	1
8	8	8	8	8	8
2	2	2	2	2	2

(Continued)

City of Heath

Capital Asset Statistics by Function Last Ten Years

	2005	2006	2007	2008
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	74	79	81	81
Pump Stations	5	5	5	5
Number of Hydrants	588	594	766	767
Average Daily Consumption	1,200,000	1,400,000	1,300,000	1,300,000
Storage Capacity (thousands of gallons)	2,165	2,165	2,165	2,165
Sewer				
Sewerlines (Miles)	105	110	112	113
Lift Stations	19	19	18	20
Storm Drains (Miles)	52	60	60	60
Treatment Capacity (thousands of gallons)	1,750	1,750	1,750	1,750

Source: City Auditor's Office

City of Heath

2009	2010	2011	2012	2013	2014
81	86	86	86	89	89
5	3	3	4	5	5
767	770	770	770	780	780
1,300,000	1,200,000	1,200,000	1,200,000	1,200,000	1,150,000
2,165	1,285	2,380	2,383	2,383	2,383
113	115	116	116	117	117
20	21	21	21	19	19
60	60	60	60	43	43
1,750	1,750	1,750	1,750	1,750	1,750

