

CITY OF HEATH

LICKING COUNTY

REGULAR AUDIT

JANUARY 1, 2009 – DECEMBER 31, 2009



Mary Taylor, CPA
Auditor of State

Members of Council
City of Heath
1287 Hebron Road
Heath, Ohio 43056

We have reviewed the *Independent Auditors' Report* of the City of Heath, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 27, 2010

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**CITY OF HEATH
LICKING COUNTY**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

City of Heath
Licking County
1287 Hebron Road
Heath, Ohio 45056

To the City Council:

We have audited the 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, (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 18, 2010 wherein we noted the City restated net assets within the Sewer Fund and business-type activities as disclosed in Note 2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider significant deficiencies in internal control over financial reporting. We consider findings 2009-001 and 2009-002 to be significant deficiencies. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Responses as item 2009-001.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management, the Finance Committee, City Council, and others within the City. We intend it for no one other than these specified parties.

Wilson, Shanna E. Snow, Inc.

Newark, Ohio
June 18, 2010

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
JANUARY 1, 2009 - DECEMBER 31, 2009**

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

FINDING NUMBER 2009-001

Ohio Revised Code Section 5705.36(A)(3) allows subdivisions to request an increased amended certificate of estimated resources upon determination by the Auditor that revenue to be collected will be greater than the amount in the official certificate. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

Ohio Revised Code Section 5705.40 requires that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

The City issued \$1,195,000 and \$2,100,000 in refunding bonds within the General Obligation Debt Service Fund and the Water Fund, respectively, to refund the \$1,150,000 and \$2,025,000 general obligation bonds for Fire Station Improvements and Water Improvements. The refunding bond proceeds and additional expenditures were paid directly to the participating financial institutions or trustee which will service this debt on-behalf of the City. The City did not record these transactions within its cash accounting system during 2009 or within the City's basic financial statements. The City did not obtain an amended certificate of resources or amend their appropriations for the refunding. This resulted in a violation of Ohio Revised Code Section 5705.41(B) within the General Obligation Debt Service Fund and Water Fund.

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend monies unless it has been properly appropriated. We noted the following funds had expenditures exceeding appropriations at December 31, 2009:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Obligation Fund – Debt Service	\$1,497,133	\$329,763	(\$1,167,730)
Water Fund – Debt Service	\$2,343,141	204,833	(2,138,308)

We recommend if the City elects to refund debt in the future that the City account for these transactions within its accounting ledgers and budgeting for such transactions as appropriate which includes appropriating for all expenditures through City Council and certifying all revenues to the County Auditor.

Officials Response: The City will properly record and budget for any future debt refunding.

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
JANUARY 1, 2009 - DECEMBER 31, 2009**

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

FINDING NUMBER 2009-002

Internal control procedures governing the compilation and presentation of the basic financial statements is the responsibility of management regardless if this service is performed by a contracted external organization. Thus it is important that management develop internal control procedures to monitor the preparation of the basic financial statements which would include drafting the related footnotes to prevent and detect potential misstatements prior to audit.

We identified the following audit adjustments and reclassifications:

- The City entered into an Ohio Public Works Commission Loan in 2008 related to sewer infrastructure improvements. Net assets and Invested in Capital Assets, Net of Related Debt were restated within the Sewer Fund and Business-Type Activities. In addition, Amounts Due in One Year was restated within Business-type Activities as a result of recording this loan within the basic financial statements.
- The City received a capital contribution from the Heath-Newark-Licking County Port Authority related to the James Parkway Bridge in 2009. However, this contribution was recorded twice by City. An audit adjustment was necessary to eliminate this double entry.
- During 2009, the City issued refunding bonds and this activity was not recorded by the City within its cash basis accounting ledgers related to the General Obligation Debt Service and Water funds. An adjustment was necessary to present this activity within the budgetary presentation schedule and cash flow statement, respectively.
- A reclassification entry was necessary to properly present the amount designated for budget stabilization within the General Fund.

We recommend the City increase the level of monitoring over the financial reporting process to ensure the basic financial statements are complete prior to audit. These adjustments were communicated to the City and subsequently posted to the basic financial statements.

Officials Response: The City will monitor the financial reporting process in future years.

Comprehensive Annual Financial Report

For the year ended December 31, 2009



**City of Progress
Citizens with Pride**

Licking County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2009

Prepared by the City Auditor's Department

Mr. Keith B. Alexander
City Auditor



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LICKING COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF HEATH

1287 Hebron Road • Heath, Ohio 43056
Keith B. Alexander, City Auditor

phone (740) 522-1420

fax (740)-522-6324

June 18, 2010

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, 2009. The report has been prepared in conformity with generally accepted accounting principles (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.

Generally Accepted Accounting Principles require 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 Auditors' Report.

The Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"* in that the 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, 2009***

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 8,527 and an estimated daytime population of 45,000. The daytime population is concentrated in 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>
82	Classified employees
9	Elected officials
4	Appointed employees

CITY OF HEATH, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2009***

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, 2011	5
Fraternal Order of Police, Ohio Labor Council (Sergeants/Patrol)	March 31, 2011	16
International Association of Firefighters Local 2930	April 17, 2011	15
American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8	April 1, 2011	35

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
- 2 Appointed law advisors
- 3 Exempted classified employees
- 1 Appointed Secretary
- 6 Department Heads

***Letter of Transmittal
For the Year Ended December 31, 2009***

ECONOMIC OUTLOOK & MAJOR INITIATIVES

2009 will not be remembered as one of the more progressive years for the City of Heath, as the effects of a world-wide recession certainly made its impact. The affect included the closing of Indian Mound Pontiac, Ponderosa Steak House, and the layoff of approximately 50 Boeing employees. These losses were at least partially mitigated by the opening of Ohio Heritage Bank, Indian Mound Motor Sports Center, Turkey Hill Gas Station and Convenience Store, two Asian restaurants, and the expansion of Gummer Wholesale.

The Heath-Newark-Licking County Port Authority constructed and dedicated to the City the final leg of the James Parkway extension, including a bridge that crosses Ramp Creek. That creates an industrially zoned loop connecting State Route 79 to Irving Wick West. In addition, planning continued on the SR-79 Safety & Enhancement projects, the Hopewell Drive rehabilitation project, and the Irving Wick Drive West Bike Path. Thanks to the T. J. Evans Foundation, the Irving Wick Drive East Bike Path tunnel was also completed with very little from public fund coffers.

Two generous land contributions were received; one from the T. J. Evans Foundation that may well provide an access point to the Forry Preserve, and another from the Glimcher Corporation that may provide another access point to the 300-acre tract behind Wal-Mart.

And finally, the auditor's office underwent a major software upgrade in the general government arena. New upgrade applications included the water/wastewater utilities, accounts payable and budget, payroll, income tax, and capital assets.

2009 saw the beginning in July, and the end in November, of traffic camera enforcement, as a vote of the people banished this form of camera enforcement from the Heath City Charter.

Residential growth remained slow with perhaps the lowest number in recent history of residential building permits issued, at 4.

Plans for 2010 include:

Parks and Pool:	Paint activity pool and Olympic Tank lane markers from Capital Improvement Fund	\$20,000
	New playground equipment at Geller Park from the Capital Improvement Fund	20,000
Police:	Three new police cruisers, 2 paid from camera enforcement proceeds and one from Capital Improvement Fund	125,000
Street:	Issue 1 paving with City match from License Tax Revenue	98,043
Zoning:	Right of way acquisition for the State Route 79 Safety Project with 50-50 split between the Irving Wick Drive and Capital Improvement Funds	100,000

***Letter of Transmittal
For the Year Ended December 31, 2009***

OTHER INFORMATION

Independent Audit

An audit team from Wilson, Shannon and Snow, Inc. has performed this year's audit. The independent auditor's unqualified opinion has been included in the Independent Auditors' 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, 2008. 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 2007. 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, 2009***

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; Linda Richards, 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 Richard J. Waugh 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,



Keith B. Alexander
City Auditor

CITY OF HEATH, OHIO

**List of Principal Officials
For the Year Ended December 31, 2009**

<i>ELECTED OFFICIALS</i>	<i>OFFICE</i>	<i>TERM EXPIRES</i>	<i>SURETY</i>
Richard J. Waugh	Mayor	01/012010	
Keith B. Alexander	Auditor	03/31/2012	B
Jeffrey Crabill	Council Member - Ward 3	01/012010	
	Council President		
Chris May	Council Member at Large	01/012012	
	President-Pro-Tem		
Dr. Ronald Krueger	Council Member at Large	01/012012	
James W. Watercutter	Council Member - Ward 1	01/012010	
Richard Morrow	Council Member - Ward 2	01/012010	
Cledys Henry	Council Member at Large	01/012012	
Tim Kelley	Council Member at Large	01/012012	

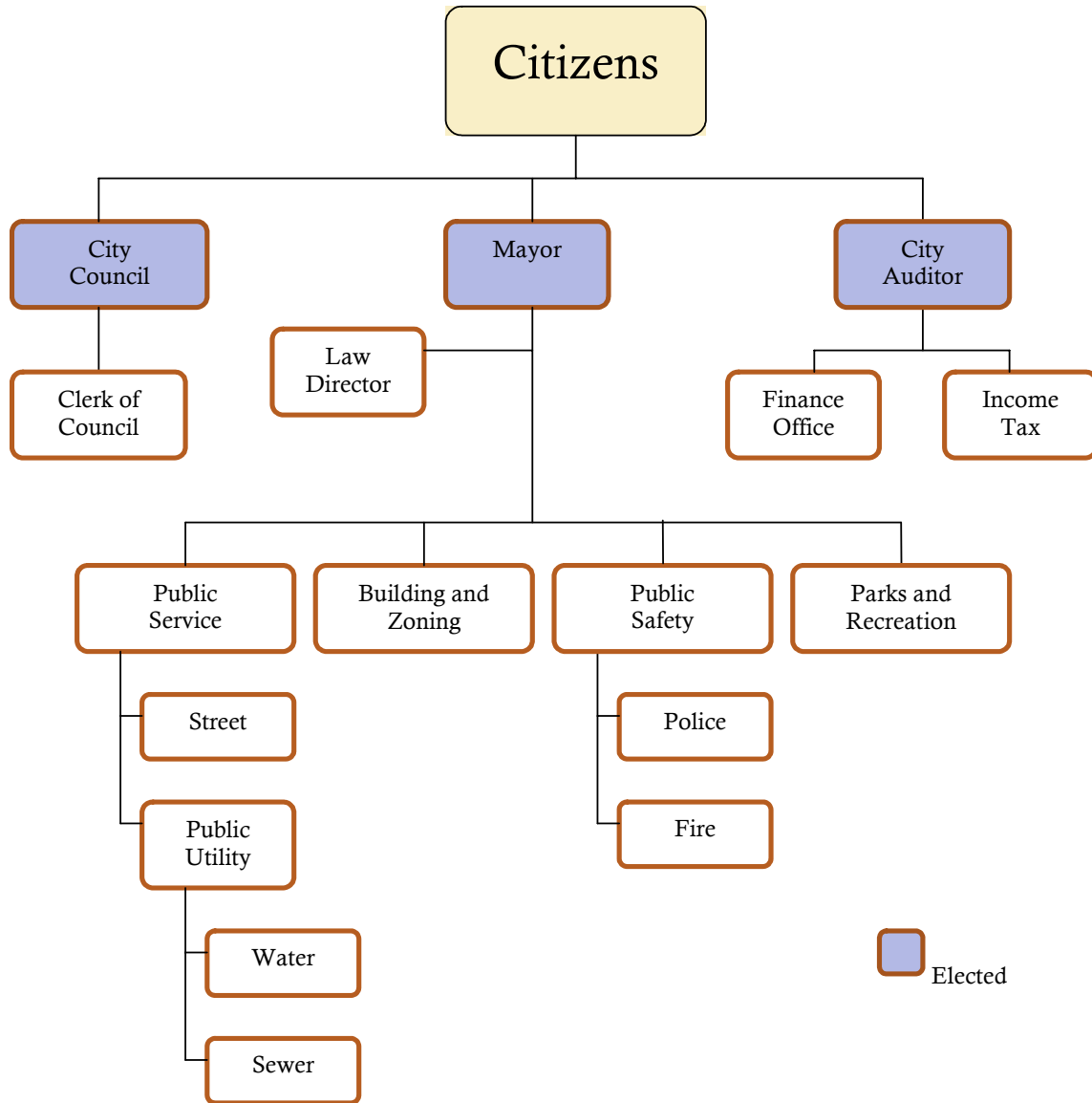
<i>ADMINISTRATIVE PERSONNEL</i>	<i>TITLE</i>	<i>TERM OF OFFICE</i>	<i>SURETY</i>
Anne Gilbert	Income Tax Commissioner	Indefinite	A
Anthony Shepherd	Police Chief	Indefinite	
John R. Mason	Police Lieutenant	Indefinite	
Mark Huggins	Fire Chief	Indefinite	
John Geller	Utilities Director	Indefinite	
Robert Geller	Street and Parks Superintendent	Indefinite	
John Groff	Building and Zoning Inspector	Indefinite	
Richard Bindley	Law Director	Indefinite	
Jonathan Diernbach	Prosecutor	Indefinite	
Linda M. Richards	Assistant Auditor	Indefinite	
Lynn M. Hunt	Clerk of Council	Indefinite	
Ginna Walker	Mayor's Secretary/Administrative Assistant	Indefinite	
Deborah K. Whitefield	Administrative Assistant	Indefinite	
Chris Lawson	Recreation Director	Indefinite	
Janice M. Wilkin	Communications/Marketing 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.org>

**City Organizational Chart
For the Year Ended December 31, 2009**



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 |

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, 2008

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



A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. ENOS".

President

A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. ENOS".

Executive Director



FINANCIAL SECTION





City of Heath
Licking County
1287 Hebron Road
Heath, Ohio 45056

INDEPENDENT AUDITORS' REPORT

To the City Council:

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Fire Levy funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 2, the City restated net assets within the Sewer Fund and business-type activities to account for unrecorded loans payable.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2010 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

City of Heath
Licking County
Independent Auditors' Report

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Wilson, Shannon & Sons, Inc.

Newark, Ohio
June 18, 2010

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, 2009. 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 2009 are as follows:

In total, net assets increased \$3,153,979. Net assets of governmental activities increased \$3,092,306 which represents a 10.5% increase from 2008. Net assets of business-type activities increased \$61,673 or .4% from 2008.

General revenues accounted for \$7.3 million in revenue or 42.4% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for 57.6% of total revenues of \$17.1 million.

The City had \$10.3 million in expenses related to governmental activities; \$6.2 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes) of \$7.3 million assisted in providing for these programs.

Among major funds, the general fund had \$7.7 million in revenues and other financing sources and \$6.8 million in expenditures and other financing uses. The general fund's fund balance increased \$844,240 to \$3.8 million.

Net assets for enterprise funds increased by \$61,673. Current year activity varied very little from last 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 assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the City's net assets 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 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 educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Management's Discussion and Analysis
For the Year Ended December 31, 2009**

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 assets between December 31, 2009 and 2008:

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	Restated 2008	2009	Restated 2008
Current and other assets	\$10,581,250	\$9,590,381	\$4,263,265	\$4,390,858	\$14,844,515	\$13,981,239
Capital assets, Net	28,796,812	26,973,158	16,958,997	17,694,939	45,755,809	44,668,097
Total assets	39,378,062	36,563,539	21,222,262	22,085,797	60,600,324	58,649,336
Long-term debt outstanding	4,784,841	4,987,721	5,587,789	6,379,663	10,372,630	11,367,384
Other liabilities	2,051,091	2,125,994	168,154	301,488	2,219,245	2,427,482
Total liabilities	6,835,932	7,113,715	5,755,943	6,681,151	12,591,875	13,794,866
Net assets						
Invested in capital assets, net of related debt	24,757,330	22,695,332	11,511,143	11,437,704	36,268,473	34,133,036
Restricted	4,440,662	4,153,096	0	0	4,440,662	4,153,096
Unrestricted	3,344,138	2,601,396	3,955,176	3,966,942	7,299,314	6,568,338
Total net assets	\$32,542,130	\$29,449,824	\$15,466,319	\$15,404,646	\$48,008,449	\$44,854,470

**Management's Discussion and Analysis
For the Year Ended December 31, 2009**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for Services and Sales	\$2,662,436	\$1,103,604	\$3,707,967	\$3,824,651	\$6,370,403	\$4,928,255
Operating Grants and Contributions	677,664	593,995	0	0	677,664	593,995
Capital Grants and Contributions	2,825,769	24,050	0	124,099	2,825,769	148,149
Total Program Revenues	<u>6,165,869</u>	<u>1,721,649</u>	<u>3,707,967</u>	<u>3,948,750</u>	<u>9,873,836</u>	<u>5,670,399</u>
General revenues:						
Property Taxes	1,187,092	1,201,564	0	0	1,187,092	1,201,564
Income Taxes	4,970,988	5,144,879	0	0	4,970,988	5,144,879
Other Local Taxes	10,671	12,203	0	0	10,671	12,203
Intergovernmental Revenue, Unrestricted	835,972	945,401	0	0	835,972	945,401
Investment Earnings	173,836	339,715	11,113	94,826	184,949	434,541
Miscellaneous	87,516	57,959	0	0	87,516	57,959
Total General Revenues	<u>7,266,075</u>	<u>7,701,721</u>	<u>11,113</u>	<u>94,826</u>	<u>7,277,188</u>	<u>7,796,547</u>
Total Revenues	<u>13,431,944</u>	<u>9,423,370</u>	<u>3,719,080</u>	<u>4,043,576</u>	<u>17,151,024</u>	<u>13,466,946</u>
Program Expenses:						
Security of Persons and Property	4,799,533	5,033,962	0	0	4,799,533	5,033,962
Public Health and Welfare Services	55,500	55,500	0	0	55,500	55,500
Leisure Time Activities	1,389,421	1,553,376	0	0	1,389,421	1,553,376
Community Environment	296,573	248,044	0	0	296,573	248,044
Basic Utility Services	0	12,585	0	0	0	12,585
Transportation	1,698,702	1,716,140	0	0	1,698,702	1,716,140
General Government	1,863,206	1,862,217	0	0	1,863,206	1,862,217
Interest and Fiscal Charges	213,056	201,466	0	0	213,056	201,466
Business Type Activities:						
Water	0	0	1,535,122	1,499,924	1,535,122	1,499,924
Sewer	0	0	2,145,932	1,992,845	2,145,932	1,992,845
Total Expenses	<u>10,315,991</u>	<u>10,683,290</u>	<u>3,681,054</u>	<u>3,492,769</u>	<u>13,997,045</u>	<u>14,176,059</u>
Change in Net Assets before transfers	3,115,953	(1,259,920)	38,026	550,807	3,153,979	(709,113)
Transfers	(23,647)	(1,329)	23,647	1,329	0	0
Total Change in Net Assets	3,092,306	(1,261,249)	61,673	552,136	3,153,979	(709,113)
Beginning Net Assets, As Reported	29,449,824	30,711,073	15,507,164	14,955,028	44,956,988	45,666,101
Restatement of Net Assets	0	0	(102,518)	0	(102,518)	0
Beginning Net Assets, As Restated	<u>29,449,824</u>	<u>30,711,073</u>	<u>15,404,646</u>	<u>14,955,028</u>	<u>44,854,470</u>	<u>45,666,101</u>
Ending Net Assets	<u>\$32,542,130</u>	<u>\$29,449,824</u>	<u>\$15,466,319</u>	<u>\$15,507,164</u>	<u>\$48,008,449</u>	<u>\$44,956,988</u>

**Management’s Discussion and Analysis
For the Year Ended December 31, 2009**

Unaudited

Governmental Activities

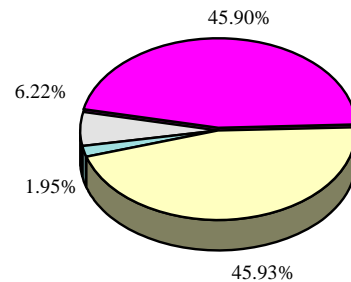
Net assets of the City’s governmental activities increased by \$3,092,306. The primary cause of the increase is due to the completion and dedication of the James Parkway Bridge donated to the City by the Heath-Newark-Licking County Port Authority.

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 8.83% and 37% respectively of revenues for governmental activities for the City in fiscal year 2009. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 45.93% of total revenues from general tax revenues:

Revenue Sources	2009	Percent of Total
Intergovernmental Revenue, Unrestricted	\$835,972	6.22%
Program Revenues	6,165,869	45.90%
General Tax Revenues	6,168,751	45.93%
General Other	261,352	1.95%
Total Revenue	<u>\$13,431,944</u>	<u>100.00%</u>



Business-Type Activities

Net assets of the business-type activities increased by \$61,673. The .4% increase in net assets reflects the fact that operating results from the business-type activities were consistent with 2008 operations. Very little changed in the day-to-day operations of the Water and Sewer activities.

**Management's Discussion and Analysis
For the Year Ended December 31, 2009**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$8,148,340, which is an increase from last year's balance of \$7,024,699. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2009 and 2008:

	Fund Balance December 31, 2009	Fund Balance December 31, 2008	Increase (Decrease)
General	\$3,775,455	\$2,931,215	\$844,240
Fire Levy	341,737	348,034	(6,297)
Capital Improvement Fund	2,681,880	2,397,965	283,915
Other Governmental	1,349,268	1,347,485	1,783
Total	<u>\$8,148,340</u>	<u>\$7,024,699</u>	<u>\$1,123,641</u>

General Fund – The City's General Fund balance increase is due primarily to increased fines and forfeitures. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2009 Revenues	2008 Revenues	Increase (Decrease)
Taxes	\$4,725,356	\$4,884,864	(\$159,508)
Intergovernmental Revenue	632,350	806,792	(174,442)
Charges for Services	419,835	456,150	(36,315)
Licenses and Permits	28,382	29,849	(1,467)
Investment Earnings	172,163	338,710	(166,547)
Fines and Forfeitures	1,631,106	15,982	1,615,124
All Other Revenue	87,516	57,959	29,557
Total	<u>\$7,696,708</u>	<u>\$6,590,306</u>	<u>\$1,106,402</u>

General Fund revenues in 2009 increased approximately 16.8% compared to revenues in fiscal year 2008. The most significant factor contributing to this increase was increased fines and forfeitures collections resulting from traffic light cameras installed at various intersections throughout the City. Income taxes took a hit due to the overall downturn in the economy.

***Management's Discussion and Analysis
For the Year Ended December 31, 2009***

Unaudited

	2009	2008	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$3,445,353	\$3,467,304	(\$21,951)
Public Health and Welfare Services	55,500	55,500	0
Leisure Time Activities	824,863	824,665	198
Community Environment	296,209	257,489	38,720
General Government	1,740,082	1,492,283	247,799
Total	<u>\$6,362,007</u>	<u>\$6,097,241</u>	<u>\$264,766</u>

General Fund expenditures increased by \$264,766 or 4.34% over the prior year due primarily to higher administrative costs associated with the camera enforcement of various traffic signals throughout the City.

Fire Levy Fund – The balance of this fund decreased by \$6,297 or 1.8% under the prior year, as the City reduced its personnel costs charged to the Fund.

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 2009, the fund balance increased by 11.8% due primarily to decreased expenditures.

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 2009, the City amended its General Fund budget several times. The increase in the final budgeted appropriations of \$1,811,461 and the positive variance with the final budget of \$419,535 was the result of carefully watchful spending.

For the General Fund, final budget basis revenue of \$7,288,481 increased by \$757,000 over the original budget estimates of \$6,531,481 primarily as a result of increased fines and forfeitures.

**Management's Discussion and Analysis
For the Year Ended December 31, 2009**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2009 the City had \$45,755,809 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$28,796,812 was related to governmental activities and \$16,958,997 to the business-type activities. The following table shows fiscal year 2009 and 2008 balances:

	Governmental Activities		Increase (Decrease)
	2009	2008	
Land	\$10,075,521	\$9,341,222	\$734,299
Construction in Progress	529,247	482,672	46,575
Total Non-Depreciable Capital Assets	10,604,768	9,823,894	780,874
Buildings	4,929,241	4,880,336	48,905
Improvements Other Than Buildings	3,526,487	3,503,993	22,494
Machinery and Equipment	5,993,183	6,445,431	(452,248)
Infrastructure	19,746,524	17,937,439	1,809,085
Less: Accumulated Depreciation	(16,003,391)	(15,617,935)	(385,456)
Total Depreciable Capital Assets, Net	18,192,044	17,149,264	1,042,780
Totals	\$28,796,812	\$26,973,158	\$1,823,654

	Business-Type Activities		Increase (Decrease)
	2009	2008	
Land	\$397,374	\$397,374	\$0
Construction in Progress	37,362	31,762	5,600
Total Non-Depreciable Capital Assets	434,736	429,136	5,600
Buildings	12,693,862	12,715,457	(21,595)
Improvements Other Than Buildings	1,515,418	1,515,418	0
Machinery and Equipment	5,332,514	5,358,405	(25,891)
Infrastructure	15,067,320	15,067,320	0
Less: Accumulated Depreciation	(18,084,853)	(17,390,797)	(694,056)
Total Depreciable Capital Assets, Net	16,524,261	17,265,803	(741,542)
Totals	\$16,958,997	\$17,694,939	(\$735,942)

***Management's Discussion and Analysis
For the Year Ended December 31, 2009***

Unaudited

The largest increases in governmental activities capital assets occurred in infrastructure. The primary cause of the increase is due to the completion of the Port Authority Bridge.

As of December 31, 2009, the City has contractual commitments of \$263,129 for various projects. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2009, the City had \$5.93 million in bonds outstanding, \$475,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2009 and 2008:

	<u>2009</u>	<u>Restated 2008</u>
Governmental Activities:		
General Obligation Bonds	\$4,015,000	\$4,235,000
Capital Leases	24,482	42,826
Compensated Absences	745,359	709,895
Total Governmental Activities	<u>4,784,841</u>	<u>4,987,721</u>
Business-Type Activities:		
General Obligation Bonds	1,915,000	2,025,000
OWDA Loans	3,432,074	4,129,717
OPWC Loan	100,780	102,518
Compensated Absences	139,935	122,428
Total Business-Type Activities	<u>5,587,789</u>	<u>6,379,663</u>
Totals	<u><u>\$10,372,630</u></u>	<u><u>\$11,367,384</u></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, 2009, 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 2009 were down slightly from 2008.

General Fund expenditures were budgeted at 5% less than 2009 actual expenditures. 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 ever increasing costs associated with employee pay raises, and 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) 552-1420 or writing to City of Heath Auditor's Office, 1287 Hebron Rd., Heath, Ohio 43056.

CITY OF HEATH, OHIO

**Statement of Net Assets
December 31, 2009**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,750,006	\$ 1,391,354	\$ 6,141,360
Investments	2,972,296	2,287,741	5,260,037
Receivables:			
Taxes	2,034,155	0	2,034,155
Accounts	69,850	505,404	575,254
Intergovernmental	511,778	0	511,778
Internal Balances	26,397	(26,397)	0
Inventory of Supplies at Cost	109,672	59,909	169,581
Prepaid Items	77,874	45,254	123,128
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	29,222	0	29,222
Non-Depreciable Capital Assets	10,604,768	434,736	11,039,504
Depreciable Capital Assets, Net	18,192,044	16,524,261	34,716,305
Total Assets	39,378,062	21,222,262	60,600,324
Liabilities:			
Accounts Payable	151,373	113,648	265,021
Accrued Wages and Benefits Payable	419,448	49,266	468,714
Intergovernmental Payable	13,700	1,200	14,900
Claims Payable	164,302	0	164,302
Unearned Revenue	1,288,313	0	1,288,313
Accrued Interest Payable	13,955	4,040	17,995
Noncurrent liabilities:			
Due within one year	351,251	877,141	1,228,392
Due in more than one year	4,433,590	4,710,648	9,144,238
Total Liabilities	6,835,932	5,755,943	12,591,875
Net Assets:			
Invested in Capital Assets, Net of Related Debt	24,757,330	11,511,143	36,268,473
Restricted For:			
Capital Projects	3,158,970	0	3,158,970
Debt Service	156,814	0	156,814
Security of Persons	342,050	0	342,050
Transportation	779,421	0	779,421
Leisure Time Activities	3,407	0	3,407
Unrestricted	3,344,138	3,955,176	7,299,314
Total Net Assets	\$ 32,542,130	\$ 15,466,319	\$ 48,008,449

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Activities
For the Year Ended December 31, 2009**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 4,799,533	\$ 2,017,435	\$ 10,632	\$ 22,485
Public Health and Welfare Services	55,500	0	0	0
Leisure Time Activities	1,389,421	527,712	0	24,983
Community Environment	296,573	24,464	0	0
Transportation	1,698,702	80,750	667,032	2,753,318
General Government	1,863,206	12,075	0	24,983
Interest and Fiscal Charges	213,056	0	0	0
Total Governmental Activities	10,315,991	2,662,436	677,664	2,825,769
Business-Type Activities:				
Water	1,535,122	1,495,259	0	0
Sewer	2,145,932	2,212,708	0	0
Total Business-Type Activities	3,681,054	3,707,967	0	0
Totals	\$ 13,997,045	\$ 6,370,403	\$ 677,664	\$ 2,825,769

General Revenues:

Property Taxes
Municipal Income Taxes
Other Local Taxes
Intergovernmental Revenues, Unrestricted
Investment Earnings
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, As Restated - See Note 2

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,748,981)	\$ 0	\$ (2,748,981)
(55,500)	0	(55,500)
(836,726)	0	(836,726)
(272,109)	0	(272,109)
1,802,398	0	1,802,398
(1,826,148)	0	(1,826,148)
(213,056)	0	(213,056)
<u>(4,150,122)</u>	<u>0</u>	<u>(4,150,122)</u>
0	(39,863)	(39,863)
0	66,776	66,776
0	26,913	26,913
<u>(4,150,122)</u>	<u>26,913</u>	<u>(4,123,209)</u>
1,187,092	0	1,187,092
4,970,988	0	4,970,988
10,671	0	10,671
835,972	0	835,972
173,836	11,113	184,949
87,516	0	87,516
(23,647)	23,647	0
<u>7,242,428</u>	<u>34,760</u>	<u>7,277,188</u>
3,092,306	61,673	3,153,979
<u>29,449,824</u>	<u>15,404,646</u>	<u>44,854,470</u>
<u>\$ 32,542,130</u>	<u>\$ 15,466,319</u>	<u>\$ 48,008,449</u>

CITY OF HEATH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2009**

	General	Fire Levy	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 1,633,242	\$ 393,754	\$ 1,343,061
Investments	1,648,888	0	1,323,408
Receivables:			
Taxes	1,217,819	545,789	69,210
Accounts	69,850	0	0
Intergovernmental	176,168	22,280	15,468
Inventory of Supplies, at Cost	58,630	0	0
Prepaid Items	66,443	1,191	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Total Assets	\$ 4,871,040	\$ 963,014	\$ 2,751,147
Liabilities:			
Accounts Payable	\$ 54,448	\$ 2,195	\$ 58,589
Accrued Wages and Benefits Payable	205,026	51,013	0
Intergovernmental Payable	13,496	0	0
Deferred Revenue	822,615	568,069	10,678
Total Liabilities	1,095,585	621,277	69,267
Fund Balances:			
Reserved for Encumbrances	106,126	12,439	88,639
Reserved for Prepaid Items	66,443	1,191	0
Reserved for Supplies Inventory	58,630	0	0
Reserved for Debt Service	0	0	0
Designated for Budget Stabilization	1,135,473	0	0
Undesignated, Unreserved in:			
General Fund	2,408,783	0	0
Special Revenue Funds	0	328,107	0
Capital Projects Funds	0	0	2,593,241
Permanent Fund	0	0	0
Total Fund Balances	3,775,455	341,737	2,681,880
Total Liabilities and Fund Balances	\$ 4,871,040	\$ 963,014	\$ 2,751,147

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,360,022	\$ 4,730,079
0	2,972,296
201,337	2,034,155
0	69,850
297,862	511,778
51,042	109,672
10,240	77,874
<u>29,222</u>	<u>29,222</u>
<u>\$ 1,949,725</u>	<u>\$ 10,534,926</u>
\$ 36,141	\$ 151,373
163,409	419,448
204	13,700
<u>400,703</u>	<u>1,802,065</u>
<u>600,457</u>	<u>2,386,586</u>
83,300	290,504
10,240	77,874
51,042	109,672
165,163	165,163
0	1,135,473
0	2,408,783
479,165	807,272
477,090	3,070,331
<u>83,268</u>	<u>83,268</u>
<u>1,349,268</u>	<u>8,148,340</u>
<u>\$ 1,949,725</u>	<u>\$ 10,534,926</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2009***

Total Governmental Fund Balances \$ 8,148,340

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

Capital Assets used in governmental activities are not resources and
therefore are not reported in the funds. 28,796,812

Other long-term assets are not available to pay for current period
expenditures and therefore are deferred in the funds. 513,752

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. (4,798,796)

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 funds is included in governmental activities in the statement of
net assets. This is the balance that is recorded in the governmental
activities. (117,978)

Net Assets of Governmental Funds \$ 32,542,130

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, 2009**

	General	Fire Levy	Capital Improvement
Revenues:			
Taxes	\$ 4,725,356	\$ 478,872	\$ 511,970
Intergovernmental Revenues	632,350	146,252	249,832
Charges for Services	419,835	0	0
Licenses and Permits	28,382	0	0
Investment Earnings	172,163	964	0
Fines and Forfeitures	1,631,106	0	0
All Other Revenue	87,516	0	2,005
Total Revenue	7,696,708	626,088	763,807
Expenditures:			
Current:			
Security of Persons and Property	3,445,353	632,385	39,488
Public Health and Welfare Services	55,500	0	0
Leisure Time Activities	824,863	0	46,636
Community Environment	296,209	0	0
Transportation	0	0	316,660
General Government	1,740,082	0	44,748
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	6,362,007	632,385	447,532
Excess (Deficiency) of Revenues Over Expenditures	1,334,701	(6,297)	316,275
Other Financing Sources (Uses):			
Issuance of Refunding Bond	0	0	0
Premium on Refunding Bonds Issued	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0
Transfers In	9,095	0	0
Transfers Out	(465,000)	0	(32,360)
Total Other Financing Sources (Uses)	(455,905)	0	(32,360)
Net Change in Fund Balance	878,796	(6,297)	283,915
Fund Balances at Beginning of Year	2,931,215	348,034	2,397,965
Decrease in Inventory Reserve	(34,556)	0	0
Fund Balances End of Year	\$ 3,775,455	\$ 341,737	\$ 2,681,880

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 413,765	\$ 6,129,963
807,920	1,836,354
452,432	872,267
0	28,382
709	173,836
29,532	1,660,638
99,144	188,665
<u>1,803,502</u>	<u>10,890,105</u>
447,057	4,564,283
0	55,500
347,220	1,218,719
0	296,209
984,647	1,301,307
0	1,784,830
283,344	283,344
199,411	199,411
<u>2,261,679</u>	<u>9,703,603</u>
(458,177)	1,186,502
1,195,000	1,195,000
11,337	11,337
(1,178,173)	(1,178,173)
502,439	511,534
(37,821)	(535,181)
<u>492,782</u>	<u>4,517</u>
34,605	1,191,019
1,347,485	7,024,699
<u>(32,822)</u>	<u>(67,378)</u>
<u>\$ 1,349,268</u>	<u>\$ 8,148,340</u>

CITY OF HEATH, OHIO

***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, 2009***

Net Change in Fund Balances - Total Governmental Funds \$ 1,191,019

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 capital outlay exceeded depreciation. 1,864,987

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. (41,333)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 22,404

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 238,344

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 3,191

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. (137,241)

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. (49,065)

Change in Net Assets of Governmental Activities \$ 3,092,306

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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,015,791	\$ 4,647,791	\$ 4,671,214	\$ 23,423
Intergovernmental Revenue	611,830	635,830	683,782	47,952
Charges for Services	465,400	388,400	419,835	31,435
Licenses and Permits	17,450	27,450	28,382	932
Investment Earnings	275,000	215,000	226,549	11,549
Fines and Forfeitures	117,000	1,344,000	1,566,271	222,271
All Other Revenues	29,010	30,010	87,516	57,506
Total Revenues	<u>6,531,481</u>	<u>7,288,481</u>	<u>7,683,549</u>	<u>395,068</u>
Expenditures:				
Current:				
Security of Persons and Property	3,515,866	3,876,081	3,648,536	227,545
Public Health and Welfare Services	55,500	55,500	55,500	0
Leisure Time Activities	893,511	951,661	861,273	90,388
Community Environment	287,883	334,964	326,243	8,721
General Government	1,438,289	1,882,632	1,789,751	92,881
Total Expenditures	<u>6,191,049</u>	<u>7,100,838</u>	<u>6,681,303</u>	<u>419,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	340,432	187,643	1,002,246	814,603
Other Financing Sources (Uses):				
Transfers In	0	0	895,767	895,767
Transfers Out	(450,000)	(1,351,672)	(1,351,672)	0
Total Other Financing Sources (Uses):	<u>(450,000)</u>	<u>(1,351,672)</u>	<u>(455,905)</u>	<u>895,767</u>
Net Change in Fund Balance	(109,568)	(1,164,029)	546,341	1,710,370
Fund Balance at Beginning of Year	2,480,945	2,480,945	2,480,945	0
Prior Year Encumbrances	100,686	100,686	100,686	0
Fund Balance at End of Year	<u>\$ 2,472,063</u>	<u>\$ 1,417,602</u>	<u>\$ 3,127,972</u>	<u>\$ 1,710,370</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 482,527	\$ 482,527	\$ 478,872	\$ (3,655)
Intergovernmental Revenue	143,104	143,104	147,007	3,903
Investment Earnings	7,500	1,000	964	(36)
Total Revenues	<u>633,131</u>	<u>626,631</u>	<u>626,843</u>	<u>212</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>680,170</u>	<u>735,120</u>	<u>661,080</u>	<u>74,040</u>
Total Expenditures	<u>680,170</u>	<u>735,120</u>	<u>661,080</u>	<u>74,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,039)	(108,489)	(34,237)	74,252
Fund Balance at Beginning of Year	397,352	397,352	397,352	0
Prior Year Encumbrances	<u>15,950</u>	<u>15,950</u>	<u>15,950</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 366,263</u>	<u>\$ 304,813</u>	<u>\$ 379,065</u>	<u>\$ 74,252</u>

See accompanying notes to the basic financial statements



CITY OF HEATH, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2009**

	Business-Type Activities Enterprise Funds			Governmental Activities -
	Water	Sewer	Total	Internal Service Fund
ASSETS:				
Current assets:				
Cash and Cash Equivalents	\$ 1,033,484	\$ 357,870	\$ 1,391,354	\$ 19,927
Investments	0	2,287,741	2,287,741	0
Receivables:				
Accounts	201,008	304,396	505,404	0
Inventory of Supplies at Cost	50,982	8,927	59,909	0
Prepaid Items	18,879	26,375	45,254	0
Total current assets	<u>1,304,353</u>	<u>2,985,309</u>	<u>4,289,662</u>	<u>19,927</u>
Noncurrent assets:				
Non-Depreciable Capital Assets	318,012	116,724	434,736	0
Depreciable Capital Assets, Net	8,330,134	8,194,127	16,524,261	0
Total noncurrent assets	<u>8,648,146</u>	<u>8,310,851</u>	<u>16,958,997</u>	<u>0</u>
Total Assets	<u>9,952,499</u>	<u>11,296,160</u>	<u>21,248,659</u>	<u>19,927</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	29,139	84,509	113,648	0
Accrued Wages and Benefits Payable	23,398	25,868	49,266	0
Intergovernmental Payable	948	252	1,200	0
Claims Payable	0	0	0	164,302
Accrued Interest Payable	4,040	0	4,040	0
General Obligation Bonds Payable - Current	195,000	0	195,000	0
OWDA Loans Payable - Current	0	665,048	665,048	0
OPWC Loans Payable - Current	0	3,476	3,476	0
Compensated Absences Payable - Current	6,237	7,380	13,617	0
Total current liabilities	<u>258,762</u>	<u>786,533</u>	<u>1,045,295</u>	<u>164,302</u>
Noncurrent liabilities:				
General Obligation Bonds Payable	1,720,000	0	1,720,000	0
OWDA Loans Payable	0	2,767,026	2,767,026	0
OPWC Loans Payable	0	97,304	97,304	0
Compensated Absences Payable	47,410	78,908	126,318	0
Total noncurrent liabilities	<u>1,767,410</u>	<u>2,943,238</u>	<u>4,710,648</u>	<u>0</u>
Total Liabilities	<u>2,026,172</u>	<u>3,729,771</u>	<u>5,755,943</u>	<u>164,302</u>
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	6,733,146	4,777,997	11,511,143	0
Unrestricted	1,193,181	2,788,392	3,981,573	(144,375)
Total Net Assets	<u>\$ 7,926,327</u>	<u>\$ 7,566,389</u>	<u>15,492,716</u>	<u>\$ (144,375)</u>
Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.			(26,397)	
Net Assets of Business-type Activities			<u>\$ 15,466,319</u>	

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2009**

	Business-Type Activities Enterprise Funds			Governmental Activities -
	Water	Sewer	Total	Internal Service Fund
Operating Revenues:				
Charges for Services	\$ 1,488,010	\$ 2,205,056	\$ 3,693,066	\$ 701,750
Other Operating Revenue	7,249	7,652	14,901	91,643
Total Operating Revenues	<u>1,495,259</u>	<u>2,212,708</u>	<u>3,707,967</u>	<u>793,393</u>
Operating Expenses:				
Personal Services	551,903	587,211	1,139,114	0
Contractual Services	301,455	903,787	1,205,242	0
Materials and Supplies	202,239	115,240	317,479	0
Health Claims Expense	0	0	0	853,348
Depreciation	344,213	455,138	799,351	0
Total Operating Expenses	<u>1,399,810</u>	<u>2,061,376</u>	<u>3,461,186</u>	<u>853,348</u>
Operating Income (Loss)	95,449	151,332	246,781	(59,955)
Non-operating Revenue (Expenses):				
Investment Earnings	0	11,113	11,113	0
Interest and Fiscal Charges	(129,278)	(79,479)	(208,757)	0
Loss on Disposal of Capital Assets	(221)	0	(221)	0
Total Non-operating Revenues (Expenses)	<u>(129,499)</u>	<u>(68,366)</u>	<u>(197,865)</u>	<u>0</u>
Income (Loss) Before Transfers	(34,050)	82,966	48,916	(59,955)
Transfers In	3,630	20,017	23,647	0
Change in Net Assets	(30,420)	102,983	72,563	(59,955)
Net Assets Beginning of Year, As Restated - See Note 2	<u>7,956,747</u>	<u>7,463,406</u>	<u>15,420,153</u>	<u>(84,420)</u>
Net Assets End of Year	<u>\$ 7,926,327</u>	<u>\$ 7,566,389</u>	<u>15,492,716</u>	<u>\$ (144,375)</u>
			Change in Net Assets - Total Enterprise Funds	72,563
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	(10,890)
			Change in Net Assets - Business-type Activities	<u>\$ 61,673</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, 2009**

	Business-Type Activities Enterprise Funds			Governmental- Activities
	Water	Sewer	Total	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,452,299	\$2,162,950	\$3,615,249	\$701,750
Cash Payments for Goods and Services	(508,460)	(988,721)	(1,497,181)	(780,743)
Cash Payments to Employees	(559,853)	(592,820)	(1,152,673)	0
Other Operating Cash Receipts	7,249	7,652	14,901	91,643
Net Cash Provided by Operating Activities	<u>391,235</u>	<u>589,061</u>	<u>980,296</u>	<u>12,650</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	3,630	20,017	23,647	0
Net Cash Provided by Noncapital Financing Activities	<u>3,630</u>	<u>20,017</u>	<u>23,647</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal Paid on General Obligation Bonds	(185,000)	0	(185,000)	0
Issuance of Refunding Bond	2,100,000	0	2,100,000	0
Acquisition and Construction of Assets	0	(101,246)	(101,246)	0
Principal Paid on Ohio Water Development Authority Loans	0	(697,643)	(697,643)	0
Principal Paid on Ohio Public Works Commission Loans	0	(1,738)	(1,738)	0
Payment to Refunded Bond Escrow Agent	(2,070,429)	0	(2,070,429)	0
Interest Paid on All Debt	(87,712)	(167,217)	(254,929)	0
Net Cash Used for Capital and Related Financing Activities	<u>(243,141)</u>	<u>(967,844)</u>	<u>(1,210,985)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	0	106,294	106,294	0
Receipts of Interest	0	37,473	37,473	0
Net Cash Provided by Investing Activities	<u>0</u>	<u>143,767</u>	<u>143,767</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	151,724	(214,999)	(63,275)	12,650
Cash and Cash Equivalents at Beginning of Year	881,760	572,869	1,454,629	7,277
Cash and Cash Equivalents at End of Year	<u>\$1,033,484</u>	<u>\$357,870</u>	<u>\$1,391,354</u>	<u>\$19,927</u>

CITY OF HEATH, OHIO

	Business-Type Activities Enterprise Funds			Governmental- Activities Internal Service
	Water	Sewer	Total	Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income (Loss)	\$95,449	\$151,332	\$246,781	(\$59,955)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	344,213	455,138	799,351	0
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(35,711)	(42,106)	(77,817)	0
(Increase) Decrease in Inventory	(5,279)	8,814	3,535	0
Increase in Prepaid Items	(1,055)	(3,889)	(4,944)	0
Increase in Accounts Payable	620	25,129	25,749	0
Increase in Health Claims Payable	0	0	0	72,605
Decrease in Accrued Wages and Benefits Payable	(15,462)	(15,604)	(31,066)	0
Increase in Intergovernmental Payable	948	252	1,200	0
Increase in Compensated Absences Payable	7,512	9,995	17,507	0
Total Adjustments	295,786	437,729	733,515	72,605
Net Cash Provided by Operating Activities	<u>\$391,235</u>	<u>\$589,061</u>	<u>\$980,296</u>	<u>\$12,650</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2009, the fair value of investments reported in the Sewer Fund decreased by \$26,360.

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

***Statement of Net Assets
Fiduciary Fund
December 31, 2009***

	Private Purpose Trust
Assets:	
Cash and Cash Equivalents	\$ 4,853
Total Assets	<u>4,853</u>
Liabilities:	
Total Liabilities	<u>0</u>
Net Assets:	
Unrestricted	4,853
Total Net Assets	<u>\$ 4,853</u>

See accompanying notes to the basic financial statements

***Statement of Changes in Net Assets
Fiduciary Fund
For the Year Ended December 31, 2009***

	Private Purpose Trust
Additions:	
Contributions	\$ 282
Total Additions	<u>282</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Assets	282
Net Assets at Beginning of Year	<u>4,571</u>
Net Assets End of Year	<u><u>\$ 4,853</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

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, 2009 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (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 GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"* in that the 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 equity, 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, 2009***

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 assets.

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 assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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, 2009***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets 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 and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. 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, 2009 but which are not intended to finance 2009 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

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.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation 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 and Major Special Revenue Fund are 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.

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 2009.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

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 2009, 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, 2009**

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 generally accepted accounting principles (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 for the major special revenue fund is shown below:

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis (as reported)	\$878,796	(\$6,297)
Increase (Decrease):		
Accrued Revenues at December 31, 2009 received during 2010	(680,768)	0
Accrued Revenues at December 31, 2008 received during 2009	667,609	755
Accrued Expenditures at December 31, 2009 paid during 2010	272,970	53,208
Accrued Expenditures at December 31, 2008 paid during 2009	(475,412)	(66,544)
2008 Prepays for 2009	64,201	521
2009 Prepays for 2010	(66,443)	(1,191)
Outstanding Encumbrances	(114,612)	(14,689)
Budget Basis	<u>\$546,341</u>	<u>(\$34,237)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2009, cash and cash equivalents included amounts in demand deposits, certificates of deposit, U.S. Treasury Money Market accounts in Fifth-Third and Merrill Lynch investment accounts and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The 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 5, "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.

The City has invested funds in the STAR Ohio during 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2009.

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, 2009, 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, 2009***

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 funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost or estimated historical cost for assets not purchased in recent years.

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 Assets, 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 Assets and in the respective funds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

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, Swimming Pool Fund, Water Fund
Capital Leases	Street Construction, Maintenance and Repair Fund
Ohio Water Development Authority Loans	Sewer Fund
Ohio Public Works Commission Loan	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, 2009***

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 assets, "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, 2009***

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 Aultra Admin Group, 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 accounts 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, 2009. 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. Reservations of Fund Balance and Designations

Reservations of fund balance or net assets indicate that a portion of the balance is not available for expenditure or is legally segregated for a specific future use. Balances are reserved for inventories of materials and supplies, prepaid items, debt service and encumbered amounts that are not accrued at year end in the governmental funds. In addition, the City has designated a General Fund amount for future years' expenditures for the purpose of budget stabilization, as permitted by Ohio Revised Code Section 5705.13

S. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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 assets are available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 2 – RESTATEMENT OF NET ASSETS

In 2008 there was an error in reporting Ohio Public Works Commission Loans Payable in the Sewer Fund. The error resulted in an increase of \$102,518 to an OPWC Loan Payable and an equal decrease to Net Assets Invested in Capital Assets, Net of Related Debt. The restated total net asset figure at the fund level decreased to a balance of \$15,420,153 from amounts previously reported of \$15,522,671. The restatement also resulted in an increase in the balances reported in the Business-Type Activities, Amounts Due In More Than One Year and corresponding decrease in the Net Assets Invested in Capital Assets, Net of Related Debt by the same amounts. The restated total net asset figure decreased to a balance of \$15,404,646 from amounts previously reported of \$15,507,164.

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 assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. 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	\$106,780
Delinquent Property Tax Revenue	53,741
Shared Revenues	353,231
	<hr/>
	\$513,752

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$4,015,000)
Capital Leases Payable	(24,482)
Accrued Interest on Long-Term Debt	(13,955)
Compensated Absences Payable	(745,359)
	<hr/>
	(\$4,798,796)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

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 assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

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

Capital Outlay	\$3,026,671
Depreciation Expense	(1,161,684)
	<u>\$1,864,987</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$19,244
Increase in Delinquent Property Tax	19,544
Decrease in Shared Revenue	(16,384)
	<u>\$22,404</u>

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

General Obligation Bond Principal	\$265,000
Capital Lease Payments	18,344
Issuance of Refunding Bond	(1,195,000)
Payment to Refunded Bond Escrow Agent	1,150,000
	<u>\$238,344</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$69,863)
Decrease in supplies inventory	(67,378)
	<u>(\$137,241)</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

A. Compliance

The City did not obtain an increased amended certificate for additional resources contrary to Ohio Revised Code Section 5705.36(a), did not increase appropriations contrary to Ohio Revised Code Section 5705.40 and had expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B) within the following funds at December 31, 2009:

<u>Fund/Function</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Obligation Debt Service Fund			
Debt Service	\$1,497,133	\$329,763	(\$1,167,370)
Water Fund			
Debt Service	2,343,141	204,833	(2,138,308)

B. Fund Deficits

The fund deficits at December 31, 2009 of \$29,168 in the Fire Pension Fund, of \$54,092 in the Police Pension Fund (special revenue funds) and of \$144,375 in the Self Insurance Fund (internal service fund) arise from the recognition of expenditures/expenses on the modified accrual/accrual basis that are greater than expenditures/expenses recognized on the budgetary/cash basis. Deficits do not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

NOTE 5 - 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

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

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;
- 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).

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of 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.

At year end the carrying amount of the City's deposits was \$7,083,964 and the bank balance was \$7,528,465. 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>\$6,778,465</u>
Total Balance	<u><u>\$6,778,465</u></u>

B. Investments

The City's investments at December 31, 2009 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$961,000	AAAm ¹	\$961,000	\$0	\$0
FNMA	344,452	AAA ¹	244,255	100,197	0
FHLB	2,090,852	AAA ¹	476,010	620,152	994,690
FHLMC	584,922	AAA ¹	507,612	77,310	0
US Treasury Note	123,863	N/A	123,863	0	0
FICO Strips	167,139	AAA ¹	0	167,139	0
FFC	50,058	AAA ¹	0	0	50,058
Total Investments	<u>\$4,322,286</u>		<u>\$2,312,740</u>	<u>\$964,798</u>	<u>\$1,044,748</u>

1. Standard & Poor's

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

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

B. Investments (Continued)

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, 8% are FNMA, 48.4% are FHLB, 13.5% are FHLMC, 22.2% are STAR Ohio, 2.9% are US Treasury Notes, 3.9% are FICO Strips and 1.1% are FFC.

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.

C. Cash With Fiscal Agent

The City has uninsured and uncollateralized cash in the amount of \$29,222 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. STAR Ohio and 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	\$6,146,213	\$5,260,037
Certificates of Deposit (with maturities of more than 3 months)	1,898,751	(1,898,751)
Investments:		
STAR Ohio	(961,000)	961,000
Per GASB Statement No. 3	<u>\$7,083,964</u>	<u>\$4,322,286</u>

* Does not include cash with fiscal agent.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the City and used in business. Real property taxes (other than public utility) collected during 2009 were levied after October 1, 2008 on assessed values as of January 1, 2008, 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 revaluation was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the 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, 2009 was \$5.40 per \$1,000 of assessed value. The assessed value upon which the 2009 levy was based was \$264,119,110. This amount constitutes \$258,175,110 in real property assessed value and \$5,944,000 in public utility assessed.

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, 2009 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 revenue since the current taxes were not levied to finance 2009 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 deferred.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

NOTE 6 - 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 7 - RECEIVABLES

Receivables at December 31, 2009 consisted of taxes, accounts receivables and intergovernmental receivables arising from shared revenues.

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2009:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activities:		
General Fund	\$9,095	\$465,000
Capital Improvement Fund	0	32,360
Other Governmental Funds	502,439	37,821
Total Governmental Transfers	<u>511,534</u>	<u>535,181</u>
Business Type Activities:		
Water Fund	3,630	0
Sewer Fund	20,017	0
Total Business Type Transfers	<u>23,647</u>	<u>0</u>
Totals	<u><u>\$535,181</u></u>	<u><u>\$535,181</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; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2009:

Historical Cost:

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Non-Depreciable Capital Assets:				
Land	\$9,341,222	\$734,299	\$0	\$10,075,521
Construction in Progress	482,672	107,915	(61,340)	529,247
Subtotal	9,823,894	842,214	(61,340)	10,604,768
Depreciable Capital Assets:				
Buildings	4,880,336	48,905	0	4,929,241
Improvements other than Buildings	3,503,993	26,853	(4,359)	3,526,487
Machinery and Equipment	6,445,431	166,276	(618,524)	5,993,183
Infrastructure	17,937,439	2,003,763	(194,678)	19,746,524
Subtotal	32,767,199	2,245,797	(817,561)	34,195,435
Total Cost	\$42,591,093	\$3,088,011	(\$878,901)	\$44,800,203
Accumulated Depreciation:				
Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings	(\$2,264,156)	(\$116,444)	\$0	(\$2,380,600)
Improvements other than Buildings	(1,191,703)	(164,580)	1,525	(1,354,758)
Machinery and Equipment	(4,644,626)	(235,417)	597,723	(4,282,320)
Infrastructure	(7,517,450)	(645,243)	176,980	(7,985,713)
Total Depreciation	(\$15,617,935)	(\$1,161,684) *	\$776,228	(\$16,003,391)
Net Value:	\$26,973,158			\$28,796,812

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$199,081
Leisure Time Activities	221,040
Community Environment	530
Transportation	715,110
General Government	25,923
Total Depreciation Expense	\$1,161,684

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2009:

Historical Cost:

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<i>Non-Depreciable Capital Assets:</i>				
Land	\$397,374	\$0	\$0	\$397,374
Construction in Progress	31,762	5,600	0	37,362
Subtotal	429,136	5,600	0	434,736
<i>Depreciable Capital Assets:</i>				
Buildings	12,715,457	0	(21,595)	12,693,862
Improvements Other Than Buildings	1,515,418	0	0	1,515,418
Machinery and Equipment	5,358,405	58,030	(83,921)	5,332,514
Infrastructure	15,067,320	0	0	15,067,320
Subtotal	34,656,600	58,030	(105,516)	34,609,114
Total Cost	\$35,085,736	\$63,630	(\$105,516)	\$35,043,850

Accumulated Depreciation:

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings	(\$5,021,411)	(\$317,125)	\$21,595	(\$5,316,941)
Improvements Other Than Buildings	(828,520)	(74,784)	0	(903,304)
Machinery and Equipment	(4,232,316)	(126,700)	83,700	(4,275,316)
Infrastructure	(7,308,550)	(280,742)	0	(7,589,292)
Total Depreciation	(\$17,390,797)	(\$799,351)	\$105,295	(\$18,084,853)
<i>Net Value:</i>	\$17,694,939			\$16,958,997

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 10 – 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.”

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 making a written request to OPERS, Attention: Finance Director, 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 2009, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2009 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; for 2009, from January 1 through March 31, 2009 7.0% of annual covered salary was the portion used to fund pension obligations, and from April 1 through December 31, 2009 8.5% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$232,434, \$172,958 and \$208,764, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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. 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 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are 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 2009, 12.75% of annual covered salary for police and 17.25% 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, 2009, 2008, and 2007 were \$142,978, \$144,495 and \$142,229 for police and \$198,150, \$169,985 and \$178,263 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 11 - 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 making a written request to OPERS, Attention: Finance Director, 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 2009, 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. For 2009, the employer contribution allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. 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, 2009, 2008, and 2007 were \$168,067, \$172,958 and \$137,509, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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.

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.

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.

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 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. 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, 2009, 2008, and 2007 were \$75,694, \$76,498 and \$75,298 for police and \$77,537, \$66,516 and \$69,755 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, 2009**

NOTE 12 – 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, 2009, the City's accumulated, unpaid compensated absences amounted to \$885,294. Of this amount, \$745,359 is recorded as Governmental Activities on the Entity Wide Statement of Net Assets (\$52,140 is reported as due within one year), \$139,935 is recorded as Business-type activities (\$13,617 is reported as due within one year).

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

Long-term debt and other long-term obligations of the City at December 31, 2009 were as follows:

	Original Liability		Restated Balance December 31, 2008	Additions	(Reductions)	Balance December 31, 2009	Amounts Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
3.70 - 4.75%	Fire Station Improvement	\$1,900,000	2018	\$1,150,000	\$0	(\$1,150,000)	\$0
4.25 - 5.05%	Swimming Pool Improvement	1,850,000	2022	1,440,000	0	(75,000)	1,365,000
3.00 - 5.00%	State Route 79 Improvement	2,035,000	2023	1,645,000	0	(85,000)	1,560,000
1.20 - 3.50%	Fire Station Refunding	1,195,000	2018	0	1,195,000	(105,000)	1,090,000
	Total General Obligation Bonds			4,235,000	1,195,000	(1,415,000)	4,015,000
	Capital Leases	89,348		42,826	0	(18,344)	24,482
	Compensated Absences			709,895	745,359	(709,895)	745,359
	Total Governmental Long-Term Debt			\$4,987,721	\$1,940,359	(\$2,143,239)	\$4,784,841
Business Type Activities:							
General Obligation Bond:							
3.70 - 4.75%	Water Improvement	\$3,340,000	2018	\$2,025,000	\$0	(\$2,025,000)	\$0
1.20 - 3.50%	Water Refunding	2,100,000	2018	0	2,100,000	(185,000)	1,915,000
	Total General Obligation Bonds			2,025,000	2,100,000	(2,210,000)	1,915,000
Ohio Water Development Authority Loans:							
5.00%	Loan SRF-112	6,558,290	2012	1,439,110	0	(456,188)	982,922
5.00%	Loan SRF-114	1,668,457	2010	189,849	0	(124,980)	64,869
3.76%	Loan SRF-4011	2,757,604	2024	2,500,758	0	(116,475)	2,384,283
	Total OWDA Loans			4,129,717	0	(697,643)	3,432,074
0.00%	OPWC Loan Payable	104,256	2038	102,518	0	(1,738)	100,780
	Compensated Absences			122,428	139,935	(122,428)	139,935
	Total Business Type Long-Term Debt			\$6,379,663	\$2,239,935	(\$3,031,809)	\$5,587,789

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

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

Principal and interest requirements to retire long-term debt outstanding at December 31, 2009 were as follows:

Years	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$280,000	\$158,742	\$195,000	\$48,475
2011	285,000	150,280	200,000	44,575
2012	290,000	141,984	205,000	42,175
2013	300,000	132,485	205,000	38,075
2014	315,000	122,284	210,000	33,462
2015-2019	1,610,000	423,431	900,000	74,438
2020-2024	935,000	106,827	0	0
Totals	\$4,015,000	\$1,236,033	\$1,915,000	\$281,200

Years	OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest
2010	\$665,048	\$133,349	\$3,476	\$0
2011	629,123	102,798	3,476	0
2012	130,247	79,173	3,476	0
2013	135,191	74,229	3,476	0
2014	140,321	69,098	3,476	0
2015-2019	785,649	261,444	17,380	0
2020-2024	946,495	100,599	17,380	0
2025-2029	0	0	17,380	0
2030-2034	0	0	17,380	0
2035-2038	0	0	13,880	0
Totals	\$3,432,074	\$820,690	\$100,780	\$0

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 \$1,055,000 at December 31, 2009, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding. The City reduced its aggregate debt service payments over the life of the refunded bonds by \$80,438 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$72,466.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

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 \$1,865,000 at December 31, 2009, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding. The City reduced its aggregate debt service payments over the life of the refunded bonds by \$149,416 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$128,582.

B. OWDA Loans

The City has various outstanding Ohio Water Development Authority Loans ranging from 3.76% - 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 2010, 2012 and 2024 the three separate loans outstanding.

C. OPWC Loans

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$104,256 borrowed from the Ohio Public Works Commission in 2008. Proceeds from this loan provided for the improvement of sewer lines at the Heath-Newark-Licking County Port Authority. This loan was issued interest free.

NOTE 14 - CAPITAL LEASES

The City leases a dump truck and pick-up truck under capital leases. The cost of the equipment obtained under lease agreements (\$89,348) are included in the Governmental Activities capital assets as machinery and equipment. The liability for these leases are recorded on the Statement of Net Assets 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, 2009:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2010	\$20,165
2011	5,622
Minimum Lease Payments	<u>25,787</u>
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(1,305)</u>
Present value of minimum lease payments	<u><u>\$24,482</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 15 - 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.

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, Aultra Administrative Group, which monitors all claim payments. Excess loss coverage, provided by the HCC Life Insurance Company, becomes effective after \$35,000 per year per specific claim. There is a lifetime maximum coverage per person of \$2,000,000.

The claims liability of \$164,302 reported in the fund at December 31, 2009 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.

Changes in the fund's claims liability amount in fiscal years 2008 and 2009 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2008	\$92,762	838,566	(839,631)	\$91,697
2009	91,697	853,348	(780,743)	164,302

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2009***

NOTE 16 - 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 17 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2009, the City had the following significant contractual commitments outstanding:

<u>Project</u>	<u>Remaining Contractual Commitment</u>
WW Improvements - Design, Bid Services	\$134,604
Hopewell Dr. Bridge Improvements	85,793
SR 79 Safety Improvements	29,218
Canal Park Improvements	11,528
SR 79 Waterline Design	1,986
Total	<u><u>\$263,129</u></u>

NOTE 18 – SUBSEQUENT EVENT

In March 2010 the City issued \$1,100,500 in one year General Obligation Notes. The proceeds of the notes will be used to finance various construction projects within the Water fund.

*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.

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.

Federal Emergency Management Agency (FEMA) Fund

To account for Federal Emergency Management Agency funds received as reimbursement for winter clean up by the Street Department. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Law Enforcement Trust Fund

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

(Continued)

Special Revenue Funds

Police Professional Training Fund

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

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.

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.

County Road Fund

To account for financial resources used for the planning and construction of a connector road from SR 79 to Thornwood Drive.

Irving Wick Drive Improvement Fund

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

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

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.

CITY OF HEATH, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Permanent Fund - Conn Memorial Trust	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 663,578	\$ 134,434	\$ 478,742	\$ 83,268	\$ 1,360,022
Receivables:					
Taxes	165,002	36,335	0	0	201,337
Intergovernmental	297,862	0	0	0	297,862
Inventory of Supplies, at Cost	51,042	0	0	0	51,042
Prepaid Items	10,240	0	0	0	10,240
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	29,222	0	0	0	29,222
Total Assets	<u>\$ 1,216,946</u>	<u>\$ 170,769</u>	<u>\$ 478,742</u>	<u>\$ 83,268</u>	<u>\$ 1,949,725</u>
Liabilities:					
Accounts Payable	\$ 34,489	\$ 0	\$ 1,652	\$ 0	\$ 36,141
Accrued Wages and Benefits Payable	163,409	0	0	0	163,409
Intergovernmental Payable	204	0	0	0	204
Deferred Revenue	395,097	5,606	0	0	400,703
Total Liabilities	<u>593,199</u>	<u>5,606</u>	<u>1,652</u>	<u>0</u>	<u>600,457</u>
Fund Balances:					
Reserved for Encumbrances	83,300	0	0	0	83,300
Reserved for Prepaid Items	10,240	0	0	0	10,240
Reserved for Supplies Inventory	51,042	0	0	0	51,042
Reserved for Debt Service	0	165,163	0	0	165,163
Undesignated/Unreserved	479,165	0	477,090	83,268	1,039,523
Total Fund Balances	<u>623,747</u>	<u>165,163</u>	<u>477,090</u>	<u>83,268</u>	<u>1,349,268</u>
Total Liabilities and Fund Balances	<u>\$ 1,216,946</u>	<u>\$ 170,769</u>	<u>\$ 478,742</u>	<u>\$ 83,268</u>	<u>\$ 1,949,725</u>

CITY OF HEATH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2009***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Permanent Fund - Conn Memorial Trust	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 144,982	\$ 268,783	\$ 0	\$ 0	\$ 413,765
Intergovernmental Revenues	751,418	0	56,502	0	807,920
Charges for Services	450,266	0	0	2,166	452,432
Investment Earnings	0	0	0	709	709
Fines and Forfeitures	29,532	0	0	0	29,532
All Other Revenue	99,144	0	0	0	99,144
Total Revenue	<u>1,475,342</u>	<u>268,783</u>	<u>56,502</u>	<u>2,875</u>	<u>1,803,502</u>
Expenditures:					
Current:					
Security of Persons and Property	447,057	0	0	0	447,057
Leisure Time Activities	336,128	0	0	11,092	347,220
Transportation	903,386	0	81,261	0	984,647
Debt Service:					
Principal Retirement	93,344	190,000	0	0	283,344
Interest and Fiscal Charges	70,451	128,960	0	0	199,411
Total Expenditures	<u>1,850,366</u>	<u>318,960</u>	<u>81,261</u>	<u>11,092</u>	<u>2,261,679</u>
Excess (Deficiency) of Revenues Over Expenditures	(375,024)	(50,177)	(24,759)	(8,217)	(458,177)
Other Financing Sources (Uses):					
Issuance of Refunding Bond	0	1,195,000	0	0	1,195,000
Premium on Refunding Bonds	0	11,337	0	0	11,337
Payment to Refunding Bond Escrow Agent	0	(1,178,173)	0	0	(1,178,173)
Transfers In	476,163	0	26,276	0	502,439
Transfers Out	(37,821)	0	0	0	(37,821)
Total Other Financing Sources (Uses)	<u>438,342</u>	<u>28,164</u>	<u>26,276</u>	<u>0</u>	<u>492,782</u>
Net Change in Fund Balance	63,318	(22,013)	1,517	(8,217)	34,605
Fund Balances at Beginning of Year	593,251	187,176	475,573	91,485	1,347,485
Decrease in Inventory Reserve	(32,822)	0	0	0	(32,822)
Fund Balances End of Year	<u>\$ 623,747</u>	<u>\$ 165,163</u>	<u>\$ 477,090</u>	<u>\$ 83,268</u>	<u>\$ 1,349,268</u>

CITY OF HEATH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2009**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool	Municipal Motor Vehicle License Tax
Assets:					
Cash and Cash Equivalents	\$ 307,876	\$ 110,221	\$ 0	\$ 5,219	\$ 99,021
Receivables:					
Taxes	0	0	0	0	0
Intergovernmental	205,961	16,699	0	0	68,308
Inventory of Supplies, at Cost	48,807	0	0	2,235	0
Prepaid Items	5,985	0	0	4,255	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	0	29,222	0	0
Total Assets	<u>\$ 568,629</u>	<u>\$ 126,920</u>	<u>\$ 29,222</u>	<u>\$ 11,709</u>	<u>\$ 167,329</u>
Liabilities:					
Accounts Payable	\$ 32,493	\$ 1,479	\$ 0	\$ 517	\$ 0
Accrued Wages and Benefits Payable	23,687	0	0	7,773	0
Intergovernmental Payable	36	0	0	12	0
Deferred Revenue	137,308	11,132	29,222	0	45,539
Total Liabilities	<u>193,524</u>	<u>12,611</u>	<u>29,222</u>	<u>8,302</u>	<u>45,539</u>
Fund Balances:					
Reserved for Encumbrances	81,014	0	0	2,286	0
Reserved for Prepaid Items	5,985	0	0	4,255	0
Reserved for Supplies Inventory	48,807	0	0	2,235	0
Undesignated/Unreserved	239,299	114,309	0	(5,369)	121,790
Total Fund Balances	<u>375,105</u>	<u>114,309</u>	<u>0</u>	<u>3,407</u>	<u>121,790</u>
Total Liabilities and Fund Balances	<u>\$ 568,629</u>	<u>\$ 126,920</u>	<u>\$ 29,222</u>	<u>\$ 11,709</u>	<u>\$ 167,329</u>

CITY OF HEATH, OHIO

<u>Fire Pension</u>	<u>Police Pension</u>	<u>Law Enforcement Trust</u>	<u>Police Professional Training</u>	<u>Enforcement and Education</u>	<u>D.A.R.E.</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 35,418	\$ 13,271	\$ 61,279	\$ 1,396	\$ 19,002	\$ 10,875	\$ 663,578
82,501	82,501	0	0	0	0	165,002
3,447	3,447	0	0	0	0	297,862
0	0	0	0	0	0	51,042
0	0	0	0	0	0	10,240
0	0	0	0	0	0	29,222
<u>\$ 121,366</u>	<u>\$ 99,219</u>	<u>\$ 61,279</u>	<u>\$ 1,396</u>	<u>\$ 19,002</u>	<u>\$ 10,875</u>	<u>\$ 1,216,946</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,489
64,586	67,363	0	0	0	0	163,409
0	0	156	0	0	0	204
85,948	85,948	0	0	0	0	395,097
<u>150,534</u>	<u>153,311</u>	<u>156</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>593,199</u>
0	0	0	0	0	0	83,300
0	0	0	0	0	0	10,240
0	0	0	0	0	0	51,042
(29,168)	(54,092)	61,123	1,396	19,002	10,875	479,165
<u>(29,168)</u>	<u>(54,092)</u>	<u>61,123</u>	<u>1,396</u>	<u>19,002</u>	<u>10,875</u>	<u>623,747</u>
<u>\$ 121,366</u>	<u>\$ 99,219</u>	<u>\$ 61,279</u>	<u>\$ 1,396</u>	<u>\$ 19,002</u>	<u>\$ 10,875</u>	<u>\$ 1,216,946</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, 2009**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	432,042	35,031	50,500	0
Charges for Services	0	0	0	448,629
Fines and Forfeitures	0	0	0	0
All Other Revenue	79,326	0	0	5,124
Total Revenue	511,368	35,031	50,500	453,753
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	336,128
Transportation	702,112	25,774	50,500	0
Debt Service:				
Principal Retirement	18,344	0	0	75,000
Interest and Fiscal Charges	1,821	0	0	68,630
Total Expenditures	722,277	25,774	50,500	479,758
Excess (Deficiency) of Revenues Over Expenditures	(210,909)	9,257	0	(26,005)
Other Financing Sources (Uses):				
Transfers In	270,078	0	0	21,085
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	270,078	0	0	21,085
Net Change in Fund Balance	59,169	9,257	0	(4,920)
Fund Balances at Beginning of Year	349,624	105,052	0	7,461
Increase (Decrease) in Inventory Reserve	(33,688)	0	0	866
Fund Balances End of Year	\$ 375,105	\$ 114,309	\$ 0	\$ 3,407

CITY OF HEATH, OHIO

Municipal Motor Vehicle License Tax	Fire Pension	Police Pension	FEMA	Law Enforcement Trust	Police Professional Training
\$ 0	\$ 72,491	\$ 72,491	\$ 0	\$ 0	\$ 0
147,214	19,089	19,089	37,821	10,632	0
0	0	0	0	1,637	0
0	0	0	0	26,478	0
0	0	193	0	11,750	1,680
<u>147,214</u>	<u>91,580</u>	<u>91,773</u>	<u>37,821</u>	<u>50,497</u>	<u>1,680</u>
0	197,276	209,690	0	31,897	1,664
0	0	0	0	0	0
125,000	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>125,000</u>	<u>197,276</u>	<u>209,690</u>	<u>0</u>	<u>31,897</u>	<u>1,664</u>
22,214	(105,696)	(117,917)	37,821	18,600	16
0	75,000	110,000	0	0	0
0	0	0	(37,821)	0	0
0	<u>75,000</u>	<u>110,000</u>	<u>(37,821)</u>	<u>0</u>	<u>0</u>
22,214	(30,696)	(7,917)	0	18,600	16
99,576	1,528	(46,175)	0	42,523	1,380
0	0	0	0	0	0
<u>\$ 121,790</u>	<u>\$ (29,168)</u>	<u>\$ (54,092)</u>	<u>\$ 0</u>	<u>\$ 61,123</u>	<u>\$ 1,396</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, 2009**

	Enforcement and Education	D.A.R.E.	Total Nonmajor Special Revenue Funds
Revenues:			
Taxes	\$ 0	\$ 0	\$ 144,982
Intergovernmental Revenues	0	0	751,418
Charges for Services	0	0	450,266
Fines and Forfeitures	3,054	0	29,532
All Other Revenue	0	1,071	99,144
Total Revenue	3,054	1,071	1,475,342
Expenditures:			
Current:			
Security of Persons and Property	2,309	4,221	447,057
Leisure Time Activities	0	0	336,128
Transportation	0	0	903,386
Debt Service:			
Principal Retirement	0	0	93,344
Interest and Fiscal Charges	0	0	70,451
Total Expenditures	2,309	4,221	1,850,366
Excess (Deficiency) of Revenues Over Expenditures	745	(3,150)	(375,024)
Other Financing Sources (Uses):			
Transfers In	0	0	476,163
Transfers Out	0	0	(37,821)
Total Other Financing Sources (Uses)	0	0	438,342
Net Change in Fund Balance	745	(3,150)	63,318
Fund Balances at Beginning of Year	18,257	14,025	593,251
Increase (Decrease) in Inventory Reserve	0	0	(32,822)
Fund Balances End of Year	\$ 19,002	\$ 10,875	\$ 623,747



CITY OF HEATH, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2009**

	<u>County Road</u>	<u>Irving Wick Drive Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 475,573	\$ 3,169	\$ 478,742
Total Assets	<u>\$ 475,573</u>	<u>\$ 3,169</u>	<u>\$ 478,742</u>
Liabilities:			
Accounts Payable	\$ 0	\$ 1,652	\$ 1,652
Total Liabilities	<u>0</u>	<u>1,652</u>	<u>1,652</u>
Fund Balances:			
Undesignated/Unreserved	475,573	1,517	477,090
Total Fund Balances	<u>475,573</u>	<u>1,517</u>	<u>477,090</u>
Total Liabilities and Fund Balances	<u>\$ 475,573</u>	<u>\$ 3,169</u>	<u>\$ 478,742</u>

CITY OF HEATH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2009**

	<u>County Road</u>	<u>Irving Wick Drive Improvement</u>	<u>Total Nonmajor Capital Project Funds</u>
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 56,502	\$ 56,502
Total Revenue	<u>0</u>	<u>56,502</u>	<u>56,502</u>
Expenditures:			
Current:			
Transportation	0	81,261	81,261
Total Expenditures	<u>0</u>	<u>81,261</u>	<u>81,261</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(24,759)	(24,759)
Other Financing Sources (Uses):			
Transfers In	0	26,276	26,276
Total Other Financing Sources (Uses)	<u>0</u>	<u>26,276</u>	<u>26,276</u>
Net Change in Fund Balance	0	1,517	1,517
Fund Balances at Beginning of Year	<u>475,573</u>	<u>0</u>	<u>475,573</u>
Fund Balances End of Year	<u>\$ 475,573</u>	<u>\$ 1,517</u>	<u>\$ 477,090</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,015,791	\$ 4,647,791	\$ 4,671,214	\$ 23,423
Intergovernmental Revenues	611,830	635,830	683,782	47,952
Charges for Services	465,400	388,400	419,835	31,435
Licenses and Permits	17,450	27,450	28,382	932
Investment Earnings	275,000	215,000	226,549	11,549
Fines and Forfeitures	117,000	1,344,000	1,566,271	222,271
All Other Revenues	29,010	30,010	87,516	57,506
Total Revenues	<u>6,531,481</u>	<u>7,288,481</u>	<u>7,683,549</u>	<u>395,068</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personnel Services	1,391,596	1,552,316	1,506,201	46,115
Materials and Supplies	64,350	67,539	51,057	16,482
Contractual Services	148,860	162,015	136,823	25,192
Capital Outlay	2,000	90,562	90,372	190
Total Police	<u>1,606,806</u>	<u>1,872,432</u>	<u>1,784,453</u>	<u>87,979</u>
Communications:				
Personnel Services	559,087	561,108	537,561	23,547
Contractual Services	46,300	46,300	34,570	11,730
Total Communications	<u>605,387</u>	<u>607,408</u>	<u>572,131</u>	<u>35,277</u>
Fire:				
Personnel Services	1,021,188	1,093,666	1,045,363	48,303
Materials and Supplies	76,650	86,787	66,531	20,256
Contractual Services	135,335	138,488	103,266	35,222
Capital Outlay	500	500	0	500
Total Fire	<u>1,233,673</u>	<u>1,319,441</u>	<u>1,215,160</u>	<u>104,281</u>
Street Lighting:				
Contractual Services	70,000	76,800	76,792	8
Total Street Lighting	<u>70,000</u>	<u>76,800</u>	<u>76,792</u>	<u>8</u>
Total Security of Persons and Property	<u>3,515,866</u>	<u>3,876,081</u>	<u>3,648,536</u>	<u>227,545</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Health Department:				
Contractual Services	55,500	55,500	55,500	0
Total Public Health and Welfare Services	<u>55,500</u>	<u>55,500</u>	<u>55,500</u>	<u>0</u>
Leisure Time Activities:				
Parks:				
Personnel Services	561,701	564,665	554,325	10,340
Materials and Supplies	48,500	49,008	33,048	15,960
Contractual Services	263,410	298,088	246,832	51,256
Other Expenditures	1,900	1,900	270	1,630
Capital Outlay	18,000	38,000	26,798	11,202
Total Leisure Time Activities	<u>893,511</u>	<u>951,661</u>	<u>861,273</u>	<u>90,388</u>
Community Environment:				
Planning and Zoning:				
Personnel Services	149,713	153,319	151,523	1,796
Materials and Supplies	3,900	3,900	2,278	1,622
Contractual Services	129,550	169,990	166,492	3,498
Other Expenditures	720	1,007	1,007	0
Capital Outlay	4,000	6,748	4,943	1,805
Total Community Environment	<u>287,883</u>	<u>334,964</u>	<u>326,243</u>	<u>8,721</u>
General Government:				
Mayor:				
Personnel Services	82,431	82,731	82,682	49
Materials and Supplies	1,500	1,500	1,215	285
Contractual Services	5,010	5,010	3,300	1,710
Capital Outlay	1,750	1,750	653	1,097
Total Mayor	<u>90,691</u>	<u>90,991</u>	<u>87,850</u>	<u>3,141</u>
City Council:				
Personnel Services	37,800	37,800	37,800	0
Materials and Supplies	200	200	49	151
Contractual Services	2,500	2,500	2,500	0
Total City Council	<u>40,500</u>	<u>40,500</u>	<u>40,349</u>	<u>151</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, 2009***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personnel Services	123,156	123,156	122,943	213
Contractual Services	80,750	81,250	81,061	189
Total Law Director	<u>203,906</u>	<u>204,406</u>	<u>204,004</u>	<u>402</u>
Clerk of Council:				
Personnel Services	41,974	43,474	42,937	537
Materials and Supplies	600	600	418	182
Capital Outlay	1,000	1,000	279	721
Total Clerk of Council	<u>43,574</u>	<u>45,074</u>	<u>43,634</u>	<u>1,440</u>
Auditor:				
Personnel Services	42,500	42,500	42,500	0
Materials and Supplies	500	500	118	382
Contractual Services	1,300	1,300	766	534
Total Auditor	<u>44,300</u>	<u>44,300</u>	<u>43,384</u>	<u>916</u>
General Administrative:				
Personnel Services	284,558	297,105	289,927	7,178
Materials and Supplies	6,500	6,526	4,970	1,556
Contractual Services	255,300	657,660	643,545	14,115
Other Expenditures	3,750	3,750	1,376	2,374
Capital Outlay	0	3,100	2,948	152
Total General Administrative	<u>550,108</u>	<u>968,141</u>	<u>942,766</u>	<u>25,375</u>
Court Fees:				
Contractual Services	32,350	33,439	28,157	5,282
Total Court Fees	<u>32,350</u>	<u>33,439</u>	<u>28,157</u>	<u>5,282</u>
Civil Service:				
Contractual Services	19,000	19,300	5,327	13,973
Total Civil Service	<u>19,000</u>	<u>19,300</u>	<u>5,327</u>	<u>13,973</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Safety/Service:				
Personnel Services	53,749	49,027	24,548	24,479
Materials and Supplies	10,400	10,520	5,181	5,339
Contractual Services	65,690	73,667	68,723	4,944
Capital Outlay	0	2,500	2,264	236
Total Safety/Service	<u>129,839</u>	<u>135,714</u>	<u>100,716</u>	<u>34,998</u>
Income Tax:				
Personnel Services	252,353	256,955	252,927	4,028
Materials and Supplies	8,000	9,725	9,164	561
Contractual Services	15,668	26,087	23,476	2,611
Capital Outlay	8,000	8,000	7,997	3
Total Income Tax	<u>284,021</u>	<u>300,767</u>	<u>293,564</u>	<u>7,203</u>
Total General Government	<u>1,438,289</u>	<u>1,882,632</u>	<u>1,789,751</u>	<u>92,881</u>
Total Expenditures	<u>6,191,049</u>	<u>7,100,838</u>	<u>6,681,303</u>	<u>419,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	340,432	187,643	1,002,246	814,603
Other Financing Sources (Uses):				
Transfers In	0	0	895,767	895,767
Transfers Out	<u>(450,000)</u>	<u>(1,351,672)</u>	<u>(1,351,672)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(450,000)</u>	<u>(1,351,672)</u>	<u>(455,905)</u>	<u>895,767</u>
Net Change in Fund Balance	(109,568)	(1,164,029)	546,341	1,710,370
Fund Balance at Beginning of Year	2,480,945	2,480,945	2,480,945	0
Prior Year Encumbrances	<u>100,686</u>	<u>100,686</u>	<u>100,686</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,472,063</u>	<u>\$ 1,417,602</u>	<u>\$ 3,127,972</u>	<u>\$ 1,710,370</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, 2009***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 482,527	\$ 482,527	\$ 478,872	\$ (3,655)
Intergovernmental Revenues	143,104	143,104	147,007	3,903
Investment Earnings	7,500	1,000	964	(36)
Total Revenues	<u>633,131</u>	<u>626,631</u>	<u>626,843</u>	<u>212</u>
Expenditures:				
Security of Persons and Property:				
Fire:				
Personnel Services	605,620	645,908	594,925	50,983
Materials and Supplies	6,500	6,500	3,288	3,212
Contractual Services	20,050	20,050	11,961	8,089
Capital Outlay	48,000	62,662	50,906	11,756
Total Expenditures	<u>680,170</u>	<u>735,120</u>	<u>661,080</u>	<u>74,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,039)	(108,489)	(34,237)	74,252
Fund Balance at Beginning of Year	397,352	397,352	397,352	0
Prior Year Encumbrances	15,950	15,950	15,950	0
Fund Balance at End of Year	<u>\$ 366,263</u>	<u>\$ 304,813</u>	<u>\$ 379,065</u>	<u>\$ 74,252</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 500,000	\$ 505,582	\$ 5,582
Intergovernmental Revenues	230,000	234,364	4,364
All Other Revenues	0	2,005	2,005
Total Revenues	<u>730,000</u>	<u>741,951</u>	<u>11,951</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Contractual Services	3,437	3,437	0
Capital Outlay	36,101	36,051	50
Total Security of Persons and Property	<u>39,538</u>	<u>39,488</u>	<u>50</u>
Leisure Time Activities:			
Parks:			
Contractual Services	1,975	1,975	0
Capital Outlay	9,000	7,285	1,715
Total Parks	<u>10,975</u>	<u>9,260</u>	<u>1,715</u>
Swimming Pool:			
Contractual Services	15,485	15,485	0
Capital Outlay	23,236	21,891	1,345
Total Swimming Pool	<u>38,721</u>	<u>37,376</u>	<u>1,345</u>
Total Leisure Time Activities	<u>49,696</u>	<u>46,636</u>	<u>3,060</u>
Basic Utility Services:			
Water:			
Contractual Services	6,275	0	6,275
Total Basic Utility Services	<u>6,275</u>	<u>0</u>	<u>6,275</u>

(Continued)

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, 2009***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Transportation:			
Streets Department:			
Contractual Services	309,278	309,278	0
Capital Outlay	117,702	104,531	13,171
Total Transportation	<u>426,980</u>	<u>413,809</u>	<u>13,171</u>
General Government:			
General Administrative:			
Capital Outlay	54,114	54,114	0
Total General Administrative	<u>54,114</u>	<u>54,114</u>	<u>0</u>
Safety/Service:			
Contractual Services	8,548	8,548	0
Total Safety/Service	<u>8,548</u>	<u>8,548</u>	<u>0</u>
Total General Government	<u>62,662</u>	<u>62,662</u>	<u>0</u>
Total Expenditures	<u>585,151</u>	<u>562,595</u>	<u>22,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	144,849	179,356	34,507
Other Financing Sources (Uses):			
Transfers Out	(32,360)	(32,360)	0
Total Other Financing Sources (Uses)	<u>(32,360)</u>	<u>(32,360)</u>	<u>0</u>
Net Change in Fund Balance	112,489	146,996	34,507
Fund Balance at Beginning of Year	2,125,247	2,125,247	0
Prior Year Encumbrances	246,997	246,997	0
Fund Balance at End of Year	<u>\$ 2,484,733</u>	<u>\$ 2,519,240</u>	<u>\$ 34,507</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, 2009***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 430,000	\$ 433,298	\$ 3,298
All Other Revenues	80,000	79,326	(674)
Total Revenues	<u>510,000</u>	<u>512,624</u>	<u>2,624</u>
Expenditures:			
Transportation:			
Street Department:			
Personnel Services	515,793	495,634	20,159
Materials and Supplies	162,344	130,506	31,838
Contractual Services	212,829	159,437	53,392
Capital Outlay	21,000	6,069	14,931
Total Expenditures	<u>911,966</u>	<u>791,646</u>	<u>120,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(401,966)	(279,022)	122,944
Other Financing Sources (Uses):			
Transfers In	265,000	270,078	5,078
Total Other Financing Sources (Uses)	<u>265,000</u>	<u>270,078</u>	<u>5,078</u>
Net Change in Fund Balance	(136,966)	(8,944)	128,022
Fund Balance at Beginning of Year	227,400	227,400	0
Prior Year Encumbrances	4,144	4,144	0
Fund Balance at End of Year	<u>\$ 94,578</u>	<u>\$ 222,600</u>	<u>\$ 128,022</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, 2009**

	STATE HIGHWAY FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Intergovernmental Revenues	\$ 34,600	\$ 35,132	\$ 532
Total Revenues	<u>34,600</u>	<u>35,132</u>	<u>532</u>
Expenditures:			
Transportation:			
Street Department:			
Materials and Supplies	34,389	18,372	16,017
Contractual Services	<u>8,600</u>	<u>8,000</u>	<u>600</u>
Total Expenditures	<u>42,989</u>	<u>26,372</u>	<u>16,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,389)	8,760	17,149
Fund Balance at Beginning of Year	99,983	99,983	0
Prior Year Encumbrances	<u>1,478</u>	<u>1,478</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 93,072</u>	<u>\$ 110,221</u>	<u>\$ 17,149</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, 2009**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 50,500	\$ 50,500	\$ 0
Total Revenues	<u>50,500</u>	<u>50,500</u>	<u>0</u>
Expenditures:			
Transportation:			
Street Department:			
Capital Outlay	<u>50,500</u>	<u>50,500</u>	<u>0</u>
Total Expenditures	<u>50,500</u>	<u>50,500</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
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 Special Revenue Funds
For the Year Ended December 31, 2009**

SWIMMING POOL FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 449,626	\$ 448,629	\$ (997)
All Other Revenues	4,200	5,124	924
Total Revenues	<u>453,826</u>	<u>453,753</u>	<u>(73)</u>
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Personnel Services	219,532	219,532	0
Materials and Supplies	46,447	46,447	0
Contractual Services	61,705	60,180	1,525
Capital Outlay	12,181	12,181	0
Total Leisure Time Activities	<u>339,865</u>	<u>338,340</u>	<u>1,525</u>
Debt Service:			
Principal Retirement	75,000	75,000	0
Interest and Fiscal Charges	68,630	68,630	0
Total Expenditures	<u>483,495</u>	<u>481,970</u>	<u>1,525</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,669)	(28,217)	1,452
Other Financing Sources (Uses):			
Transfers In	21,000	21,085	85
Total Other Financing Sources (Uses)	<u>21,000</u>	<u>21,085</u>	<u>85</u>
Net Change in Fund Balance	(8,669)	(7,132)	1,537
Fund Balance at Beginning of Year	10,065	10,065	0
Fund Balance at End of Year	<u>\$ 1,396</u>	<u>\$ 2,933</u>	<u>\$ 1,537</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, 2009***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 130,000	\$ 144,011	\$ 14,011
Total Revenues	<u>130,000</u>	<u>144,011</u>	<u>14,011</u>
Expenditures:			
Transportation:			
Street Department:			
Capital Outlay	<u>125,000</u>	<u>125,000</u>	<u>0</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	19,011	14,011
Fund Balance at Beginning of Year	<u>80,010</u>	<u>80,010</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 85,010</u></u>	<u><u>\$ 99,021</u></u>	<u><u>\$ 14,011</u></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, 2009**

	FIRE PENSION FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Taxes	\$ 73,021	\$ 72,491	\$ (530)
Intergovernmental Revenues	18,654	19,187	533
Total Revenues	<u>91,675</u>	<u>91,678</u>	<u>3</u>
Expenditures:			
Security of Persons and Property:			
Fire:			
Personnel Services	192,300	192,296	4
Contractual Services	2,020	1,457	563
Total Expenditures	<u>194,320</u>	<u>193,753</u>	<u>567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,645)	(102,075)	570
Other Financing Sources (Uses):			
Transfers In	75,000	75,000	0
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Net Change in Fund Balance	(27,645)	(27,075)	570
Fund Balance at Beginning of Year	62,493	62,493	0
Fund Balance at End of Year	<u>\$ 34,848</u>	<u>\$ 35,418</u>	<u>\$ 570</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, 2009***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 73,021	\$ 72,491	\$ (530)
Intergovernmental Revenues	18,654	19,187	533
All Other Revenues	0	193	193
Total Revenues	<u>91,675</u>	<u>91,871</u>	<u>196</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Personnel Services	222,130	222,130	0
Contractual Services	2,020	1,456	564
Total Expenditures	<u>224,150</u>	<u>223,586</u>	<u>564</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,475)	(131,715)	760
Other Financing Sources (Uses):			
Transfers In	110,000	110,000	0
Total Other Financing Sources (Uses)	<u>110,000</u>	<u>110,000</u>	<u>0</u>
Net Change in Fund Balance	(22,475)	(21,715)	760
Fund Balance at Beginning of Year	34,986	34,986	0
Fund Balance at End of Year	<u>\$ 12,511</u>	<u>\$ 13,271</u>	<u>\$ 760</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, 2009**

	FEMA FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Intergovernmental Revenues	\$ 37,821	\$ 37,821	\$ 0
Total Revenues	<u>37,821</u>	<u>37,821</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,821	37,821	0
Other Financing Sources (Uses):			
Transfers Out	<u>(37,821)</u>	<u>(37,821)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(37,821)</u>	<u>(37,821)</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
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 Special Revenue Funds
For the Year Ended December 31, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LAW ENFORCEMENT TRUST FUND			
Revenues:			
Charges for Services	\$ 1,600	\$ 1,637	\$ 37
Fines and Forfeitures	26,500	26,478	(22)
All Other Revenues	11,600	11,750	150
Total Revenues	<u>39,700</u>	<u>39,865</u>	<u>165</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	500	144	356
Contractual Services	22,104	20,656	1,448
Other Expenditures	500	0	500
Capital Outlay	2,000	429	1,571
Total Expenditures	<u>25,104</u>	<u>21,229</u>	<u>3,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,596	18,636	4,040
Fund Balance at Beginning of Year	42,583	42,583	0
Prior Year Encumbrances	60	60	0
Fund Balance at End of Year	<u>\$ 57,239</u>	<u>\$ 61,279</u>	<u>\$ 4,040</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, 2009**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 1,680	\$ 1,680	\$ 0
Total Revenues	<u>1,680</u>	<u>1,680</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Contractual Services	<u>2,000</u>	<u>1,664</u>	<u>336</u>
Total Expenditures	<u>2,000</u>	<u>1,664</u>	<u>336</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(320)	16	336
Fund Balance at Beginning of Year	<u>1,380</u>	<u>1,380</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,060</u>	<u>\$ 1,396</u>	<u>\$ 336</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, 2009**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 3,500	\$ 3,578	\$ 78
Total Revenues	<u>3,500</u>	<u>3,578</u>	<u>78</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	<u>3,418</u>	<u>2,309</u>	<u>1,109</u>
Total Expenditures	<u>3,418</u>	<u>2,309</u>	<u>1,109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	82	1,269	1,187
Fund Balance at Beginning of Year	<u>17,733</u>	<u>17,733</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,815</u>	<u>\$ 19,002</u>	<u>\$ 1,187</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, 2009**

	D.A.R.E. FUND		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 1,000	\$ 1,071	\$ 71
Total Revenues	<u>1,000</u>	<u>1,071</u>	<u>71</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	3,061	2,658	403
Contractual Services	<u>2,200</u>	<u>1,624</u>	<u>576</u>
Total Expenditures	<u>5,261</u>	<u>4,282</u>	<u>979</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,261)	(3,211)	1,050
Fund Balance at Beginning of Year	14,025	14,025	0
Prior Year Encumbrances	<u>61</u>	<u>61</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,825</u>	<u>\$ 10,875</u>	<u>\$ 1,050</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, 2009**

GENERAL OBLIGATION DEBT SERVICE FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Taxes	\$ 263,500	\$ 265,429	\$ 1,929
Total Revenues	<u>263,500</u>	<u>265,429</u>	<u>1,929</u>
Expenditures:			
Debt Service:			
Principal Retirement	190,000	190,000	0
Interest and Fiscal Charges	<u>139,763</u>	<u>128,960</u>	<u>10,803</u>
Total Expenditures	<u>329,763</u>	<u>318,960</u>	<u>10,803</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,263)	(53,531)	12,732
Other Financing Sources (Uses):			
Issuance of Refunding Bonds	0	1,195,000	1,195,000
Premium on Issuance of Refunding Bonds	0	11,337	11,337
Payment to Refunded Bond Escrow Agent	<u>0</u>	<u>(1,178,173)</u>	<u>(1,178,173)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>28,164</u>	<u>28,164</u>
Net Change in Fund Balance	(66,263)	(25,367)	40,896
Fund Balance at Beginning of Year	<u>159,801</u>	<u>159,801</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 93,538</u>	<u>\$ 134,434</u>	<u>\$ 40,896</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, 2009***

	COUNTY ROAD FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
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>475,573</u>	<u>475,573</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 475,573</u></u>	<u><u>\$ 475,573</u></u>	<u><u>\$ 0</u></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, 2009**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 56,502	\$ 56,502	\$ 0
Total Revenues	<u>56,502</u>	<u>56,502</u>	<u>0</u>
Expenditures:			
Transportation:			
Streets Department:			
Capital Outlay	<u>81,261</u>	<u>81,261</u>	<u>0</u>
Total Expenditures	<u>81,261</u>	<u>81,261</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,759)	24,759	0
Other Financing Sources (Uses):			
Transfers In	<u>26,276</u>	<u>26,276</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>26,276</u>	<u>26,276</u>	<u>0</u>
Net Change in Fund Balance	1,517	1,517	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,517</u>	<u>\$ 1,517</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 Permanent Fund
For the Year Ended December 31, 2009**

	CONN MEMORIAL TRUST		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Charges for Services	\$ 2,100	\$ 2,166	\$ 66
Investment Earnings	700	709	9
Total Revenues	<u>2,800</u>	<u>2,875</u>	<u>75</u>
Expenditures:			
Leisure Time Activities:			
Parks:			
Capital Outlay	<u>11,092</u>	<u>11,092</u>	<u>0</u>
Total Expenditures	<u>11,092</u>	<u>11,092</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,292)	(8,217)	75
Fund Balance at Beginning of Year	<u>91,485</u>	<u>91,485</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 83,193</u>	<u>\$ 83,268</u>	<u>\$ 75</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*



***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2009***

<u>Capital Assets:</u>	
Land	\$10,075,521
Construction in Progress	529,247
Buildings	4,929,241
Improvements Other Than Buildings	3,526,487
Machinery and Equipment	5,993,183
Infrastructure	19,746,524
Total Capital Assets	<u>\$44,800,203</u>

<u>Investment in Capital Assets:</u>	
Assets Acquired Prior to 1990	\$161,599
General Fund	2,445,830
Special Revenue Funds	3,019,239
Capital Projects Funds	35,986,355
Proprietary Funds	18,820
Fiduciary Funds	23,507
Grants	504,472
Donations	2,640,381
Total Investment in Capital Assets	<u>\$44,800,203</u>

CITY OF HEATH, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2009**

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other Than Buildings
<u>General Government:</u>				
Mayor	0	0	0	0
City Council	0	0	0	0
Clerk of Council	0	0	0	0
City Auditor	0	0	0	0
General Administration	258,188	0	762,040	19,179
Safety/Service	0	0	20,125	1,952
Income Tax	0	0	0	0
Total General Government	258,188	0	782,165	21,131
<u>Security of Persons and Property:</u>				
Police	0	0	40,000	4,013
Communications	0	0	0	40,287
Fire	39,890	0	1,983,545	15,467
Occupational Safety and Health Administration	0	0	0	0
Total Security of Persons and Property	39,890	0	2,023,545	59,767
<u>Transportation:</u>				
Streets	9,064,737	529,247	388,177	47,607
<u>Community Environment:</u>				
Zoning	0	0	0	12,440
<u>Leisure Time Activities:</u>				
Parks	712,706	0	1,171,865	1,303,454
Swimming Pool	0	0	563,489	2,082,088
Total Leisure Time Activities	712,706	0	1,735,354	3,385,542
Total Capital Assets	\$10,075,521	\$529,247	\$4,929,241	\$3,526,487

CITY OF HEATH, OHIO

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
3,850	0	\$3,850
9,770	0	9,770
1,491	0	1,491
4,938	0	4,938
62,205	0	1,101,612
13,908	0	35,985
18,319	0	18,319
<u>114,481</u>	<u>0</u>	<u>1,175,965</u>
520,250	0	564,263
30,062	0	70,349
3,217,338	0	5,256,240
<u>5,650</u>	<u>0</u>	<u>5,650</u>
<u>3,773,300</u>	<u>0</u>	<u>5,896,502</u>
<u>1,309,836</u>	<u>19,746,524</u>	<u>31,086,128</u>
<u>246,075</u>	<u>0</u>	<u>258,515</u>
448,276	0	3,636,301
101,215	0	2,746,792
<u>549,491</u>	<u>0</u>	<u>6,383,093</u>
<u>\$5,993,183</u>	<u>\$19,746,524</u>	<u>\$44,800,203</u>

CITY OF HEATH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2009***

Function and Activity	December 31, 2008	Transfers	Additions	Deletions	December 31, 2009
<u>General Government:</u>					
Mayor	\$2,438	0	1,412	0	\$3,850
City Council	9,770	0	0	0	9,770
Clerk of Council	1,491	0	0	0	1,491
City Auditor	1,451	3,487	0	0	4,938
General Administration	1,104,127	0	1,813	(4,328)	1,101,612
Safety/Service	35,985	0	0	0	35,985
Income Tax	18,319	0	0	0	18,319
Total General Government	<u>1,173,581</u>	<u>3,487</u>	<u>3,225</u>	<u>(4,328)</u>	<u>1,175,965</u>
<u>Security of Persons and Property:</u>					
Police	906,138	0	49,320	(391,195)	564,263
Communications	84,724	0	0	(14,375)	70,349
Fire	5,232,914	0	23,326	0	5,256,240
Occupational Safety and Health Administration	5,650	0	0	0	5,650
Total Security of Persons and Property	<u>6,229,426</u>	<u>0</u>	<u>72,646</u>	<u>(405,570)</u>	<u>5,896,502</u>
<u>Transportation:</u>					
Streets	28,597,237	0	2,936,737	(447,846)	31,086,128
<u>Community Environment:</u>					
Zoning	254,178	(3,487)	14,690	(6,866)	258,515
<u>Leisure Time Activities:</u>					
Parks	3,612,867	0	27,292	(3,858)	3,636,301
Swimming Pool	2,723,804	0	33,421	(10,433)	2,746,792
Total Leisure Time Activities	<u>6,336,671</u>	<u>0</u>	<u>60,713</u>	<u>(14,291)</u>	<u>6,383,093</u>
Total Capital Assets	<u>\$42,591,093</u>	<u>\$0</u>	<u>\$3,088,011</u>	<u>(\$878,901)</u>	<u>\$44,800,203</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. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

City of Heath

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$16,234,915	\$16,596,874	\$16,428,030	\$18,092,381
Restricted	3,866,353	3,931,719	3,455,361	3,371,442
Unrestricted	394,551	2,349,086	2,413,975	3,017,476
Total Governmental Activities Net Assets	<u>\$20,495,819</u>	<u>\$22,877,679</u>	<u>\$22,297,366</u>	<u>\$24,481,299</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$10,048,081	\$10,509,634	\$10,598,772	\$10,723,136
Unrestricted	3,472,131	3,121,711	3,602,895	4,146,637
Total Business-type Activities Net Assets	<u>\$13,520,212</u>	<u>\$13,631,345</u>	<u>\$14,201,667</u>	<u>\$14,869,773</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	\$26,282,996	\$27,106,508	\$27,026,802	\$28,815,517
Restricted	3,866,353	3,931,719	3,455,361	3,371,442
Unrestricted	3,866,682	5,470,797	6,016,870	7,164,113
Total Primary Government Net Assets	<u>\$34,016,031</u>	<u>\$36,509,024</u>	<u>\$36,499,033</u>	<u>\$39,351,072</u>

Source: City Auditor's Office

* 2008 Business-type Activities were restated

City of Heath

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$23,589,938	\$22,695,332	\$24,757,330
3,693,753	4,153,096	4,440,662
<u>3,427,382</u>	<u>2,601,396</u>	<u>3,344,138</u>
<u>\$30,711,073</u>	<u>\$29,449,824</u>	<u>\$32,542,130</u>
	*	
\$11,369,769	\$11,437,704	\$11,511,143
3,585,259	3,966,942	3,955,176
<u>\$14,955,028</u>	<u>\$15,404,646</u>	<u>\$15,466,319</u>
\$34,959,707	\$34,133,036	\$36,268,473
3,693,753	4,153,096	4,440,662
<u>7,012,641</u>	<u>6,568,338</u>	<u>7,299,314</u>
<u>\$45,666,101</u>	<u>\$44,854,470</u>	<u>\$48,008,449</u>

City of Heath

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

	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Security of Persons and Property	\$3,423,445	\$4,216,123	\$4,329,101	\$4,518,609
Public Health and Welfare Services	52,500	52,500	52,500	54,000
Leisure Time Activities	1,627,677	1,302,972	1,294,346	1,294,137
Community Environment	305,945	302,336	293,980	289,516
Basic Utility Services	568,416	204,435	0	0
Transportation	3,129,391	553,998	1,753,609	1,418,985
General Government	1,265,259	1,327,217	1,278,537	1,313,015
Interest and Fiscal Charges	239,360	252,654	235,853	223,289
<i>Total Governmental Activities Expenses</i>	<u>10,611,993</u>	<u>8,212,235</u>	<u>9,237,926</u>	<u>9,111,551</u>
Business-type Activities:				
Water	1,552,029	1,460,249	1,449,520	1,387,196
Sewer	2,018,104	2,077,666	1,853,411	1,837,990
<i>Total Business-type Activities Expenses</i>	<u>3,570,133</u>	<u>3,537,915</u>	<u>3,302,931</u>	<u>3,225,186</u>
<i>Total Primary Government Expenses</i>	<u>\$14,182,126</u>	<u>\$11,750,150</u>	<u>\$12,540,857</u>	<u>\$12,336,737</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$50,839	\$60,280	\$101,573	\$97,499
Leisure Time Activities	649,573	595,849	713,325	714,341
Community Environment	21,265	32,401	33,563	25,829
Basic Utility Services	12,182	12,027	0	0
Transportation	25,725	11,377	120,282	16,573
General Government	0	2,351	6,899	0
Operating Grants and Contributions	424,147	537,300	605,977	522,557
Capital Grants and Contributions	341,305	2,243,026	153,096	2,023,759
<i>Total Governmental Activities Program Revenues</i>	<u>1,525,036</u>	<u>3,494,611</u>	<u>1,734,715</u>	<u>3,400,558</u>

City of Heath

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$4,412,475	\$5,033,962	\$4,799,533
55,000	55,500	55,500
1,165,587	1,553,376	1,389,421
116,430	248,044	296,573
48,759	12,585	0
1,611,106	1,716,140	1,698,702
1,480,358	1,862,217	1,863,206
211,364	201,466	213,056
<u>9,101,079</u>	<u>10,683,290</u>	<u>10,315,991</u>
1,572,649	1,499,924	1,535,122
1,994,356	1,992,845	2,145,932
<u>3,567,005</u>	<u>3,492,769</u>	<u>3,681,054</u>
<u>\$12,668,084</u>	<u>\$14,176,059</u>	<u>\$13,997,045</u>

\$414,707	\$427,535	\$2,017,435
681,222	637,733	527,712
52,913	22,902	24,464
4,592	107	0
18,538	6,377	80,750
2,119	8,950	12,075
641,109	593,995	677,664
5,408,548	24,050	2,825,769
<u>7,223,748</u>	<u>1,721,649</u>	<u>6,165,869</u>

(continued)

City of Heath

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

	2003	2004	2005	2006
Business-type Activities:				
Charges for Services				
Water	1,222,532	1,095,740	1,297,785	1,369,475
Sewer	2,093,073	2,371,211	2,455,205	2,346,580
Capital Grants and Contributions	845,185	546,732	132,480	79,381
<i>Total Business-type Activities Program Revenues</i>	4,160,790	4,013,683	3,885,470	3,795,436
<i>Total Primary Government Program Revenues</i>	5,685,826	7,508,294	5,620,185	7,195,994
 Net (Expense)/Revenue				
Governmental Activities	(9,086,957)	(4,717,624)	(7,503,211)	(5,710,993)
Business-type Activities	590,657	475,768	582,539	570,250
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$8,496,300)	(\$4,241,856)	(\$6,920,672)	(\$5,140,743)
 General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes	\$1,172,261	\$1,190,037	\$1,233,678	\$1,260,147
Municipal Income Taxes	4,839,079	4,765,042	4,833,456	5,487,407
Other Local Taxes	11,121	13,061	13,306	13,295
Intergovernmental Revenue, Unrestricted	781,533	623,050	609,450	736,664
Investment Earnings	123,662	106,428	191,143	333,854
Miscellaneous	58,858	40,204	78,959	63,559
Transfers	0	361,662	33,166	0
<i>Total Governmental Activities</i>	6,986,514	7,099,484	6,993,158	7,894,926
 Business-type Activities:				
Investment Earnings	10,792	(2,973)	20,949	97,856
Transfers	0	(361,662)	(33,166)	0
<i>Total Business-type Activities</i>	10,792	(364,635)	(12,217)	97,856
<i>Total Primary Government</i>	\$6,997,306	\$6,734,849	\$6,980,941	\$7,992,782
 Change in Net Assets				
Governmental Activities	(\$2,100,443)	\$2,381,860	(\$510,053)	\$2,183,933
Business-type Activities	601,449	111,133	570,322	668,106
<i>Total Primary Government Change in Net Assets</i>	(\$1,498,994)	\$2,492,993	\$60,269	\$2,852,039

Source: City Auditor's Office

City of Heath

2007	2008	2009
1,409,782	1,505,580	1,495,259
2,340,830	2,319,071	2,212,708
74,101	124,099	0
<u>3,824,713</u>	<u>3,948,750</u>	<u>3,707,967</u>
<u>11,048,461</u>	<u>5,670,399</u>	<u>9,873,836</u>
(1,877,331)	(8,961,641)	(4,150,122)
257,708	455,981	26,913
<u>(\$1,619,623)</u>	<u>(\$8,505,660)</u>	<u>(\$4,123,209)</u>
\$1,328,913	\$1,201,564	\$1,187,092
5,117,840	5,144,879	4,970,988
12,834	12,203	10,671
845,213	945,401	835,972
545,309	339,715	173,836
41,546	57,959	87,516
215,450	(1,329)	(23,647)
<u>8,107,105</u>	<u>7,700,392</u>	<u>7,242,428</u>
42,997	94,826	11,113
(215,450)	1,329	23,647
<u>(172,453)</u>	<u>96,155</u>	<u>34,760</u>
<u>\$7,934,652</u>	<u>\$7,796,547</u>	<u>\$7,277,188</u>
\$6,229,774	(\$1,261,249)	\$3,092,306
85,255	552,136	61,673
<u>\$6,315,029</u>	<u>(\$709,113)</u>	<u>\$3,153,979</u>

City of Heath

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund				
Reserved	\$83,509	\$142,777	\$127,313	\$139,559
Unreserved	<u>4,541,723</u>	<u>3,683,028</u>	<u>2,096,185</u>	<u>2,459,362</u>
<i>Total General Fund</i>	<u>4,625,232</u>	<u>3,825,805</u>	<u>2,223,498</u>	<u>2,598,921</u>
All Other Governmental Funds				
Reserved	1,304,433	2,888,349	1,721,367	1,870,715
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,447,770	1,626,592	877,025	527,463
Capital Projects Funds	4,030,491	1,722,096	1,957,897	1,197,020
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>87,747</u>
Total All Other Governmental Funds	<u>6,782,694</u>	<u>6,237,037</u>	<u>4,556,289</u>	<u>3,682,945</u>
<i>Total Governmental Funds</i>	<u><u>\$11,407,926</u></u>	<u><u>\$10,062,842</u></u>	<u><u>\$6,779,787</u></u>	<u><u>\$6,281,866</u></u>

Source: City Auditor's Office

City of Heath

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$120,024	\$150,353	\$190,870	\$304,325	\$229,436	\$1,366,672
<u>2,563,881</u>	<u>2,538,481</u>	<u>3,043,064</u>	<u>3,405,304</u>	<u>2,701,779</u>	<u>2,408,783</u>
<u>2,683,905</u>	<u>2,688,834</u>	<u>3,233,934</u>	<u>3,709,629</u>	<u>2,931,215</u>	<u>3,775,455</u>
1,295,931	877,324	683,026	884,924	519,403	412,014
486,555	404,562	698,812	644,659	829,632	807,272
1,934,190	1,959,028	1,789,751	1,931,812	2,652,964	3,070,331
<u>91,049</u>	<u>74,021</u>	<u>80,374</u>	<u>86,791</u>	<u>91,485</u>	<u>83,268</u>
<u>3,807,725</u>	<u>3,314,935</u>	<u>3,251,963</u>	<u>3,548,186</u>	<u>4,093,484</u>	<u>4,372,885</u>
<u>\$6,491,630</u>	<u>\$6,003,769</u>	<u>\$6,485,897</u>	<u>\$7,257,815</u>	<u>\$7,024,699</u>	<u>\$8,148,340</u>

City of Heath

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

	2000	2001	2002	2003
Revenues:				
Taxes	\$5,638,014	\$5,699,297	\$5,772,835	\$5,990,306
Intergovernmental Revenues	1,758,070	1,194,260	2,791,553	1,336,400
Charges for Services	314,930	305,467	679,393	654,828
Licenses and Permits	63,897	23,865	23,861	23,933
Investment Earnings	863,545	551,748	231,096	123,662
Fines and Forfeitures	47,028	55,211	50,156	36,068
All Other Revenue	208,067	166,414	179,070	69,742
Total Revenue	<u>8,893,551</u>	<u>7,996,262</u>	<u>9,727,964</u>	<u>8,234,939</u>
Expenditures:				
Current:				
Security of Persons and Property	3,113,404	3,609,903	4,651,512	4,069,038
Public Health and Welfare Services	52,500	52,500	52,500	52,500
Leisure Time Activities	1,063,805	1,797,370	3,704,349	1,475,797
Community Environment	642,751	529,615	299,688	255,327
Basic Utility Services	252,591	116,642	242,676	568,416
Transportation	2,599,485	1,717,306	3,286,170	2,667,651
General Government	1,008,258	1,094,494	1,251,016	1,212,168
Debt Service:				
Principal Retirement	265,563	278,662	290,739	377,928
Interest and Fiscal Charges	134,377	127,972	186,271	234,518
Total Expenditures	<u>9,132,734</u>	<u>9,324,464</u>	<u>13,964,921</u>	<u>10,913,343</u>
Excess (Deficiency) of Revenues Over Expenditures	(239,183)	(1,328,202)	(4,236,957)	(2,678,404)

City of Heath

2004	2005	2006	2007	2008	2009
\$5,968,715	\$6,103,117	\$6,765,736	\$6,511,364	\$6,372,485	\$6,129,963
1,910,803	1,294,553	1,558,369	2,019,146	1,690,485	1,836,354
599,002	706,904	683,875	951,735	985,547	872,267
34,775	46,232	76,891	59,600	29,849	28,382
86,929	161,518	320,207	599,005	348,790	173,836
38,588	34,812	41,611	52,689	51,154	1,660,638
82,124	266,653	115,424	151,613	95,013	188,665
<u>8,720,936</u>	<u>8,613,789</u>	<u>9,562,113</u>	<u>10,345,152</u>	<u>9,573,323</u>	<u>10,890,105</u>
3,873,095	4,473,935	4,340,627	4,679,467	4,895,866	4,564,283
52,500	52,500	54,000	55,000	55,500	55,500
1,185,345	1,119,728	1,588,478	1,537,158	1,316,678	1,218,719
256,397	261,315	277,529	286,914	257,489	296,209
204,435	0	0	48,759	12,585	0
1,324,269	1,267,352	1,187,069	1,304,268	1,259,204	1,301,307
1,253,721	1,260,752	1,274,127	1,434,312	1,568,514	1,784,830
450,236	436,960	251,721	254,165	262,600	283,344
255,283	237,609	221,879	212,555	202,775	199,411
<u>8,855,281</u>	<u>9,110,151</u>	<u>9,195,430</u>	<u>9,812,598</u>	<u>9,831,211</u>	<u>9,703,603</u>
(134,345)	(496,362)	366,683	532,554	(257,888)	1,186,502

(Continued)

City of Heath

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

	2000	2001	2002	2003
Other Financing Sources (Uses):				
Sale of Capital Assets	3,327	0	0	33,871
Capital Leases Issued	0	12,062	16,210	0
Installment Loan Issued	95,165	0	0	0
General Obligation Bonds Issued	0	0	1,850,000	2,035,000
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	729,403	1,148,500	1,099,875	1,784,791
Transfers Out	(904,756)	(1,259,310)	(1,995,649)	(1,784,791)
Total Other Financing Sources (Uses)	<u>(76,861)</u>	<u>(98,748)</u>	<u>970,436</u>	<u>2,068,871</u>
Net Change in Fund Balance	<u>(\$316,044)</u>	<u>(\$1,426,950)</u>	<u>(\$3,266,521)</u>	<u>(\$609,533)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.58%	4.56%	3.54%	6.30%

Source: City Auditor's Office

City of Heath

2004	2005	2006	2007	2008	2009
0	0	0	0	0	0
0	0	89,348	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	1,195,000
0	0	0	0	0	11,337
0	0	0	0	0	(1,178,173)
1,539,018	1,310,436	625,678	920,187	1,321,249	511,534
(1,177,356)	(1,277,270)	(625,678)	(704,737)	(1,322,578)	(535,181)
361,662	33,166	89,348	215,450	(1,329)	4,517
\$227,317	(\$463,196)	\$456,031	\$748,004	(\$259,217)	\$1,191,019
12.18%	8.02%	7.29%	22.30%	4.91%	7.23%

City of Heath

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	2000	2001	2002	2003
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$228,694	\$232,531	\$236,667	\$240,862
Total Tax Collected	\$4,721,023	\$4,775,099	\$4,793,602	\$4,950,955
Income Tax Receipts				
Withholding	3,915,674	3,975,876	3,982,270	3,912,690
Percentage	82.94%	83.26%	83.07%	79.03%
Corporate	535,403	547,623	501,273	661,068
Percentage	11.34%	11.47%	10.46%	13.35%
Individuals	269,946	251,600	310,059	377,197
Percentage	5.72%	5.27%	6.47%	7.62%

Source: City Income Tax Department

City of Heath

2004	2005	2006	2007	2008	2009
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$253,124	\$258,803	\$284,358	\$297,115	\$306,563	\$306,563
\$4,806,164	\$5,004,128	\$5,430,307	\$5,372,699	\$5,292,914	\$5,082,838
3,940,162	4,072,849	4,154,215	4,236,786	4,362,702	4,158,728
81.98%	81.39%	76.50%	78.86%	82.42%	81.82%
506,273	569,139	913,764	760,337	580,904	593,661
10.53%	11.37%	16.83%	14.15%	10.98%	11.68%
359,729	362,140	362,328	375,576	349,308	330,449
7.48%	7.24%	6.67%	6.99%	6.60%	6.50%



City of Heath

Income Tax Statistics Current Year and Ten Years Ago

Calendar Year 2009

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.20%	\$143,538,000	42.36%	\$2,153,070	42.36%
All Others	5,088	99.80%	195,317,866	57.64%	2,929,768	57.64%
Total	5,098	100.00%	\$338,855,866	100.00%	\$5,082,838	100.00%

Calendar Year 1999

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.16%	\$136,313,867	44.62%	\$2,044,708	44.62%
All Others	6,079	99.84%	169,188,600	55.38%	2,537,829	55.38%
Total	6,089	100.00%	\$305,502,467	100.00%	\$4,582,537	100.00%

Source: City Income Tax Department

City of Heath

Ratio of Outstanding Debt By Type Last Ten Years

	2000	2001	2002	2003
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$2,715,000	\$2,475,000	\$4,075,000	\$5,775,000
Installment Loan Payable	178,238	139,576	98,837	55,910
Capital Leases	305	10,859	23,893	18,868
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	3,115,000	2,995,000	2,875,000	2,745,000
Ohio Water Development Authority Loans	5,375,697	4,984,208	4,572,900	4,370,769
Ohio Public Works Commission Loan	0	0	0	0
Installment Loan Payable	92,239	70,842	48,373	24,777
Total Primary Government	<u>\$11,476,479</u>	<u>\$10,675,485</u>	<u>\$11,694,003</u>	<u>\$12,990,324</u>
Population ⁽²⁾				
City of Heath	8,527	8,527	8,527	8,527
Outstanding Debt Per Capita	\$1,346	\$1,252	\$1,371	\$1,523
Income ⁽³⁾				
Personal (in thousands)	228,694	232,531	236,667	240,862
Percentage of Personal Income	5.02%	4.59%	4.94%	5.39%

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

2004	2005	2006	2007	2008	2009
\$5,370,000	\$4,950,000	\$4,715,000	\$4,480,000	\$4,235,000	\$4,015,000
10,674	0	0	0	0	0
13,250	6,964	79,591	60,426	42,826	24,482
2,610,000	2,475,000	2,330,000	2,180,000	2,025,000	1,915,000
5,636,654	5,866,987	5,735,892	4,794,983	4,129,717	3,432,074
0	0	0	104,256	102,518	100,780
0	0	0	0	0	0
<u>\$13,640,578</u>	<u>\$13,298,951</u>	<u>\$12,860,483</u>	<u>\$11,619,665</u>	<u>\$10,535,061</u>	<u>\$9,487,336</u>
8,527	8,527	8,527	8,527	8,527	8,527
\$1,600	\$1,560	\$1,508	\$1,363	\$1,235	\$1,113
253,124	258,803	284,358	297,115	306,563	306,563
5.39%	5.14%	4.52%	3.91%	3.44%	3.09%

City of Heath

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2000	2001	2002	2003
Population ⁽¹⁾	8,527	8,527	8,527	8,527
Assessed Value ⁽²⁾	\$236,728,410	\$244,948,550	\$255,735,300	\$254,495,240
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$5,830,000	\$5,470,000	\$6,950,000	\$8,520,000
Resources Available to Pay Principal ⁽⁴⁾	\$730,272	\$839,512	\$995,128	\$757,865
Net General Bonded Debt	\$5,099,728	\$4,630,488	\$5,954,872	\$7,762,135
Ratio of Net Bonded Debt to Estimated Actual Value	2.15%	1.89%	2.33%	3.05%
Net Bonded Debt per Capita	\$598.07	\$543.04	\$698.35	\$910.30

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

2004	2005	2006	2007	2008	2009
8,527	8,527	8,527	8,527	8,527	8,527
\$261,138,600	\$302,719,520	\$281,821,460	\$275,592,260	\$264,682,730	\$264,119,110
\$7,980,000	\$7,425,000	\$7,045,000	\$6,660,000	\$6,260,000	\$5,930,000
\$494,931	\$245,652	\$227,198	\$207,537	\$187,176	\$165,163
\$7,485,069	\$7,179,348	\$6,817,802	\$6,452,463	\$6,072,824	\$5,764,837
2.87%	2.37%	2.42%	2.34%	2.29%	2.18%
\$877.81	\$841.95	\$799.55	\$756.71	\$712.19	\$676.07



City of Heath

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2009*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Heath</u>	<u>Amount Applicable to the City of Heath</u>
Direct:			
City of Heath	\$4,015,000	100.00%	\$4,015,000
Overlapping:			
Heath City School District	35,686	94.46%	33,709
Licking County	12,855,219	7.75%	996,279
		Subtotal	<u>1,029,988</u>
		Total	<u><u>\$5,044,988</u></u>

Source: Licking County

City of Heath

Debt Limitations Last Ten Years

Collection Year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$236,728,410	\$244,948,550	\$255,735,300	\$254,495,240
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	24,856,483	25,719,598	26,852,207	26,722,000
City Debt Outstanding ⁽²⁾	2,715,000	2,475,000	4,075,000	5,775,000
Less: Applicable Debt Service Fund Amounts	(730,272)	(839,512)	(995,128)	(757,865)
Net Indebtedness Subject to Limitation	<u>1,984,728</u>	<u>1,635,488</u>	<u>3,079,872</u>	<u>5,017,135</u>
Overall Legal Debt Margin	<u>\$22,871,755</u>	<u>\$24,084,110</u>	<u>\$23,772,335</u>	<u>\$21,704,865</u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$236,728,410	\$244,948,550	\$255,735,300	\$254,495,240
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	13,020,063	13,472,170	14,065,442	13,997,238
City Debt Outstanding ⁽²⁾	2,715,000	2,475,000	4,075,000	5,775,000
Less: Applicable Debt Service Fund Amounts	(730,272)	(839,512)	(995,128)	(757,865)
Net Indebtedness Subject to Limitation	<u>1,984,728</u>	<u>1,635,488</u>	<u>3,079,872</u>	<u>5,017,135</u>
Overall Legal Debt Margin	<u>\$11,035,335</u>	<u>\$11,836,682</u>	<u>\$10,985,570</u>	<u>\$8,980,103</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

2004	2005	2006	2007	2008	2009
\$261,138,600	\$302,719,520	\$281,821,460	\$275,592,260	\$264,682,730	\$264,119,110
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,419,553	31,785,550	29,591,253	28,937,187	27,791,687	27,732,507
5,370,000	4,950,000	4,715,000	4,480,000	4,235,000	4,015,000
(494,931)	(245,652)	(227,198)	(207,537)	(187,176)	(165,163)
4,875,069	4,704,348	4,487,802	4,272,463	4,047,824	3,849,837
\$22,544,484	\$27,081,202	\$25,103,451	\$24,664,724	\$23,743,863	\$23,882,670
\$261,138,600	\$302,719,520	\$281,821,460	\$275,592,260	\$264,682,730	\$264,119,110
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,362,623	16,649,574	15,500,180	15,157,574	14,557,550	14,526,551
5,370,000	4,950,000	4,715,000	4,480,000	4,235,000	4,015,000
(494,931)	(245,652)	(227,198)	(207,537)	(187,176)	(165,163)
4,875,069	4,704,348	4,487,802	4,272,463	4,047,824	3,849,837
\$9,487,554	\$11,945,226	\$11,012,378	\$10,885,111	\$10,509,726	\$10,676,714

City of Heath

Demographic and Economic Statistics Last Ten Years

Calendar Year	2000	2001	2002	2003	2004
Population (1)					
City of Heath	8,527	8,527	8,527	8,527	8,527
Licking County	145,491	145,491	145,491	145,491	145,491
Income (2) (a)					
Total Personal (in thousands)	228,694	232,531	236,667	240,862	253,124
Per Capita	26,820	27,270	27,755	28,247	29,685
Unemployment Rate (3)					
Federal	4.2%	3.8%	4.8%	5.8%	6.0%
State	4.3%	3.7%	4.3%	5.7%	6.1%
Licking County	3.6%	3.6%	4.7%	5.3%	5.9%
Civilian Work Force Estimates (3)					
State	5,900,400	5,857,000	5,828,000	5,915,000	5,875,300
Licking County	73,100	75,100	77,800	78,800	80,500

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2008 for the presentation of 2009 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

2005	2006	2007	2008	2009
8,527	8,527	8,527	8,527	8,527
145,491	145,491	145,491	145,491	145,491
258,803	284,358	297,115	306,563	306,563
30,351	33,348	34,844	35,952	35,952
5.5%	5.0%	4.6%	5.8%	5.8%
6.0%	5.9%	5.6%	6.6%	6.6%
5.8%	5.1%	5.2%	6.1%	6.1%
5,900,400	5,934,000	5,976,500	5,986,400	5,986,400
81,100	82,700	84,500	85,600	85,600



City of Heath

Principal Employers Current Year and Nine Years Ago

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

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

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
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	3.25	3.00	3.25	3.00	3.00
Income Tax	5.00	5.00	5.00	5.00	5.00
Service	1.25	1.25	1.25	1.25	1.00
Security of Persons and Property					
Police	22.00	21.00	22.00	21.00	19.00
Fire	24.50	26.75	27.00	23.50	22.50
Communications	10.00	10.00	9.00	9.50	9.50
Transportation					
Street	11.00	11.00	11.00	10.00	10.00
Leisure Time Activities					
Recreation / Parks	6.25	9.75	11.00	10.00	9.50
Water Park	14.00	15.25	27.25	34.75	36.75
Community Environment					
Zoning	2.00	2.00	2.00	2.00	2.00
Business-Type Activities					
Utilities					
Water	9.00	8.00	8.25	8.00	8.00
Sewer	9.25	9.00	9.25	9.00	9.00
<i>Total Employees</i>	<u>129.50</u>	<u>134.00</u>	<u>148.25</u>	<u>149.00</u>	<u>147.25</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
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	2.00	2.00
3.00	3.25	3.50	3.50	3.25
4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.25	0.50
19.00	18.00	18.00	18.00	18.00
16.00	16.50	16.00	16.00	16.00
10.50	11.00	7.50	8.00	7.50
10.00	9.00	8.50	7.50	8.50
8.25	8.00	7.75	7.50	6.25
31.25	31.00	29.50	31.50	37.00
2.00	2.00	2.00	2.00	2.00
8.00	8.25	7.50	8.00	9.50
9.00	7.50	7.75	8.00	9.00
<u>134.00</u>	<u>131.50</u>	<u>125.00</u>	<u>127.25</u>	<u>133.50</u>

City of Heath

Operating Indicators by Function Last Ten Years

	2000	2001	2002	2003
Governmental Activities				
General Government				
Council				
Members	7	7	7	7
Number of Ordinances passed	88	103	135	106
Number of Resolutions passed	14	11	11	15
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	1,296	1,157	1,188	1,500
Number of Arrests	712	780	763	616
Fire				
Number of Calls	1,694	1,788	1,804	1,705
Number of Inspections	230	280	306	302
Transportation				
Street				
Number of Streets Resurfaced	3	15	2	4
Leisure Time Activities				
Recreation / Parks				
Number of Pool/Water Park Memberships Sold	461	400	925	984
Community Environment				
Number of Building Permits	184	174	119	154
Number of Building Inspections	167	154	100	141
Number of Board of Building and Zoning Appeal Cases	25	26	10	13
Business-Type Activities				
Water				
Number of Service Connections	3,225	3,225	3,398	3,398
Daily Average Consumption (thousands of gallons)	1,500	1,500	1,500	1,200
Maximun Daily Capacity (thousands of gallons)	1,800	1,800	1,800	4,000
Sewer				
Daily Average Sewage Treatment (thousands of gallons)	1,400	1,400	1,400	1,300

Source: City Auditor's Office

City of Heath

2004	2005	2006	2007	2008	2009
7	7	7	7	7	7
116	96	97	110	99	112
20	15	11	10	7	6
1,349	1,135	1,523	1,582	1,412	1,286
538	583	589	600	472	470
1,903	1,864	1,914	1,964	2,058	2,122
376	354	320	342	522	432
3	4	2	11	8	11
888	962	928	1,142	1,072	950
139	157	196	110	82	80
130	128	177	87	54	66
17	26	20	19	16	11
3,425	3,425	3,425	3,750	3,750	3,750
1,200	1,200	1,300	1,300	1,300	1,300
4,000	4,000	4,000	4,000	4,000	4,000
1,300	1,300	1,300	1,600	1,600	1,600

City of Heath

Capital Asset Statistics by Function Last Ten Years

	2000	2001	2002	2003
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	130	130	130	130
Buildings	21	21	21	21
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Vehicles	8	8	8	8
Fire				
Stations	2	2	2	2
Vehicles	10	10	10	9
Transportation				
Street				
Streets (lane miles)	86	86	86	87
Street Lights	654	654	654	660
Traffic Signals (Intersections)	14	14	14	17
Vehicles	14	14	14	14
Leisure Time Activities				
Recreation / Parks				
Land (acres)	129	129	358	358
Buildings	2	2	2	2
Parks	8	8	9	9
Playgrounds	3	3	3	3
Swimming Pools	1	1	1	1
Baseball/Softball Diamonds	7	7	7	7
Sand Volleyball Courts	2	2	2	2

City of Heath

2004	2005	2006	2007	2008	2009
136	132	132	132	132	138
22	23	23	23	23	23
1	1	1	1	1	1
8	8	8	8	7	7
2	2	2	2	2	2
9	9	10	10	10	12
87	87	87	90	90	91
660	705	707	708	708	708
17	17	18	18	18	18
14	14	14	14	14	14
366	376	376	376	376	376
2	2	2	2	2	3
10	11	11	11	11	11
3	3	3	4	4	4
1	1	1	1	1	1
7	7	7	7	7	8
2	2	2	2	2	2

City of Heath

Capital Asset Statistics by Function Last Ten Years

	2000	2001	2002	2003
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	60	60	62	67
Pump Stations	4	4	4	4
Number of Hydrants	505	505	529	540
Average Daily Consumption	1,500,000	1,500,000	1,500,000	1,200,000
Storage Capacity (thousands of gallons)	2,165	2,165	2,165	2,165
Sewer				
Sewerlines (Miles)	80	80	82	96
Lift Stations	15	15	16	16
Storm Drains (Miles)	52	52	52	52
Treatment Capacity (thousands of gallons)	1,750	1,750	1,750	1,750

Source: City Auditor's Office

City of Heath

2004	2005	2006	2007	2008	2009
71	74	79	81	81	81
4	5	5	5	5	5
560	588	594	766	767	767
1,200,000	1,200,000	1,400,000	1,300,000	1,300,000	1,300,000
2,165	2,165	2,165	2,165	2,165	2,165
101	105	110	112	113	113
18	19	19	18	20	20
52	52	60	60	60	60
1,750	1,750	1,750	1,750	1,750	1,750





Mary Taylor, CPA
Auditor of State

CITY OF HEATH

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 10, 2010