

*HEATH CITY SCHOOL DISTRICT*

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# **Heath City School District**

Heath, Ohio



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

***HEATH CITY SCHOOL DISTRICT***

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Heath, Ohio

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
June 30, 2016**

*Prepared by:*

**Mr. Bradley T. Hall  
Treasurer**

**HEATH CITY SCHOOL DISTRICT**

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*HEATH CITY SCHOOL DISTRICT*

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## *INTRODUCTORY SECTION*

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



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Office of the Treasurer

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

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November 29, 2016

Board of Education Members and Citizens of the Heath City School District:

As the Superintendent and Treasurer of the Heath City School District (the District), we are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2016 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

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

The District provides a full range of education programs and services to 1,718 students. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels, a broad range of co-curricular and extracurricular activities, and special education services. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a special revenue fund. The non-public school operations have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

# **HEATH CITY SCHOOL DISTRICT**

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***Letter of Transmittal  
For the Fiscal Year Ended June 30, 2016***

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## **ECONOMIC CONDITIONS AND OUTLOOK**

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

In the commercial sector of Heath, there were no notable businesses which left the area. The City will see its automotive sales sector grow with the ongoing constructive of Coughlin Automotive's new Nissan dealership, its third dealership in Heath. Tri-County Didge/Chrysler expanded its operation as well. Rural King completed its move to a large commercial space near the Indian Mound Mall.

On the industrial side, the only notable loss was Meritor closing its operation after many years of reductions. The loss was offset, in part, by the location of Arial Corporation's new facility as well as MISTRAS occupying its newly built facility on Heath. Firefly Diagnostics, a Toronto, Canada-headquartered engaged in genetic testing for personalized medicine, moved into a Class 10,000 clean room built in the Heath-Newark-Licking County Port Authority. The HNLCPA also completed a 20,000 sq. ft., expandable to 40,000 sq. ft., industrial spec building on newly completed Industrial Drive, a roadway opening up 40 acres of prime manufacturing-zoned ground. Southgate Corporation completed its 50,000 sq. ft., industrial spec building in the same general area.

In May 2017, the District will try to renew a 7.9 mill emergency levy that is expected to bring in \$2.0 million for the next ten years.

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

## **MAJOR INITIATIVES**

**Current:** - Each year, the District updates a five year continuous improvement plan developed by an administrative team consisting of the Superintendent, administrators, staff members, business members and the community. Using the Decision Framework and the Ohio Improvement Process the team identifies and develops goals, objectives and strategies to help ensure all students learn and grow.

During fiscal year 2016, the District focused on maintaining growth in student enrollment. To accomplish this, the District had decided to allow open enrollment in its schools beginning in fiscal year 2014. This has resulted in additional State Foundation money and a steady growth to approximately 185 open enrolled students for the 2016-17 school year.

## ***HEATH CITY SCHOOL DISTRICT***

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2016***

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Future: During the 2016-2017 school year administrators and teachers work to increase curriculum alignment and teacher quality through high quality professional development. Administrators have identified that knowledge of standards and the use of data are a focus for this school year, and will help to strengthen the academic foundation of the school system for the future. The 2015-16 school year saw improvements in growth made on the district report card, and a focus on those improvements will continue into the coming years.

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

District officials are also continuing work on the following initiatives:

- Continue implementation of the district technology plan.
- Offer various classes of summer remediation and credit recovery at little to no cost to students and their families.
- Strive to meet all state indicators on the district report card.
- Strive to reach above expected growth on value-added measures.
- Increase advanced placements and honors courses.
- Continue to expand technical preparatory opportunities.
- Utilize STAR Early Literacy, STAR Reading and Math Assessments for identifying students needing intervention, referral for possible gifted identification and/or progress monitoring of students.
- Utilize all available data to drive curricular decision in the regular curriculum, intervention areas and special education.

# **HEATH CITY SCHOOL DISTRICT**

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*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2016*

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## **FINANCIAL INFORMATION**

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

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

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

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

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

## HEATH CITY SCHOOL DISTRICT

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*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2016*

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### OTHER INFORMATION

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

**AWARDS** -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2015. We believe this, our sixteenth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

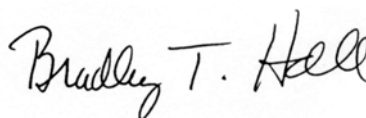
**ACKNOWLEDGMENTS** -- The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution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

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

Respectfully submitted,



Trevor Thomas  
Superintendent



Bradley T. Hall  
Treasurer

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**HEATH CITY SCHOOL DISTRICT**

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*Members of the Board of Education and Administration  
For the Fiscal Year Ended June, 30, 2016*

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***Members of the Board of Education***

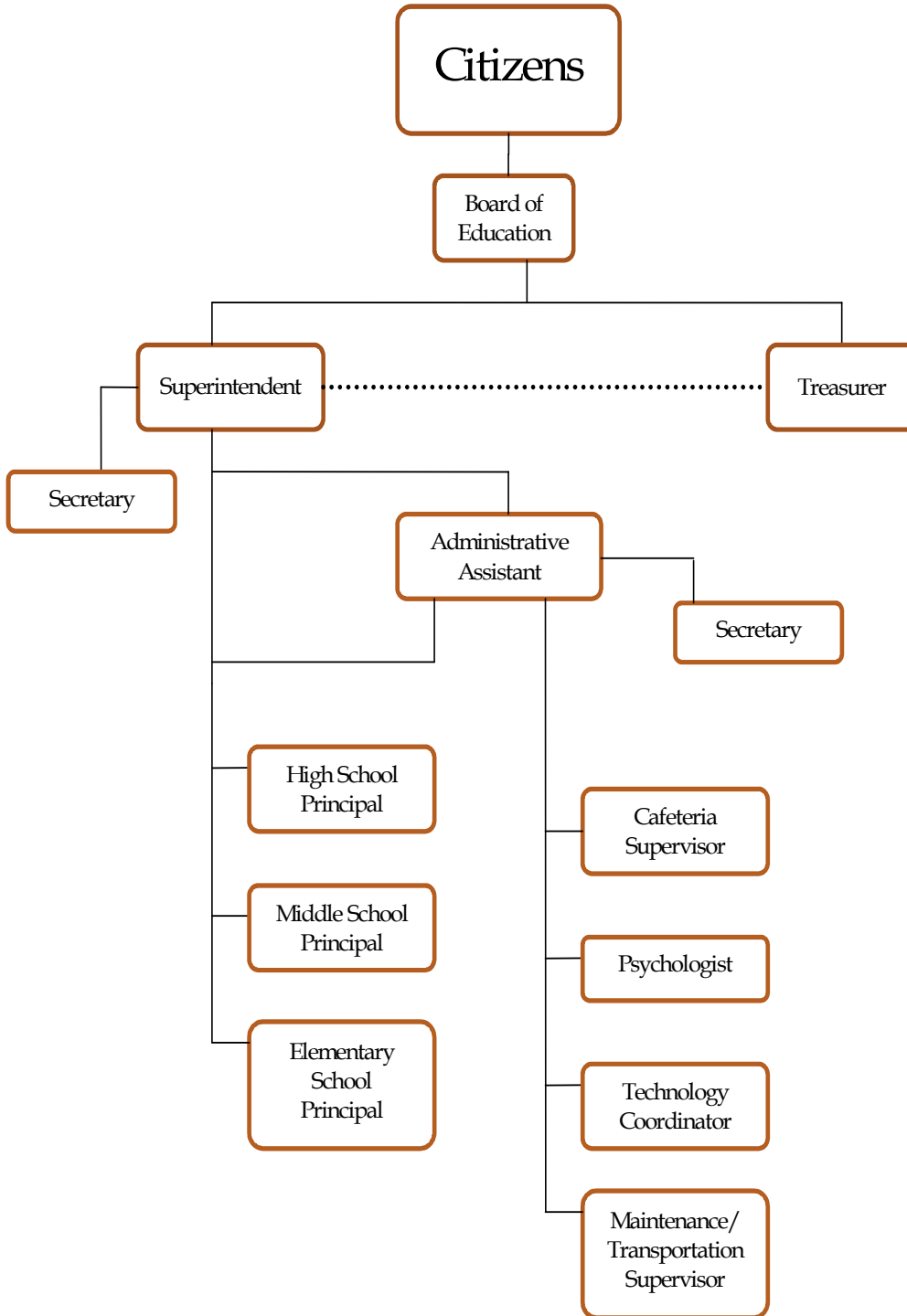
<b>Name</b>	<b>Title</b>	<b>Years of Service</b>
Ms. Debbie Kelley	President	8
Mr. Sam Smith	Vice President	2
Ms. Jennifer McDonald	Member	2
Mrs. Cathy Allen	Member	1
Ms. Dianne Winter	Member	0

***Administration***

<b>Name</b>	<b>Title</b>	<b>Years of Service</b>	
		<b>Position</b>	<b>Total</b>
Dr. Trevor Thomas	Superintendent	3	14
Mr. Bradley T. Hall	Treasurer	21	36
Ms. Kelly Holbrook	Assistant Superintendent	3	18

# HEATH CITY SCHOOL DISTRICT

Organizational Chart  
For the Fiscal Year Ended June 30, 2016



**HEATH CITY SCHOOL DISTRICT**

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

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Government Finance Officers Association

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

Presented to

**Heath City School District  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**



Executive Director/CEO



## *FINANCIAL SECTION*

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditor's Report

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

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, on our consideration of the Heath City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Heath City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 29, 2016

# HEATH CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016*

*Unaudited*

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The discussion and analysis of Heath City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

## **FINANCIAL HIGHLIGHTS**

### **Key financial highlights for 2016 are as follows:**

- ❑ In total, net position increased \$1,895,563, which represents a 12.1% increase from 2015.
- ❑ General revenues accounted for \$18,749,245 in revenue or 88.0% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$2,545,014 or 12.0% of total revenues of \$21,294,259.
- ❑ The District had \$19,398,696 in expenses related to governmental activities; only \$2,545,014 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$18,069,712 in revenues and \$16,574,680 in expenditures. The general fund's fund balance increased from \$3,015,873 to \$4,511,305.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

### **Government-wide Statements**

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

# HEATH CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016*

*Unaudited*

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**Unaudited**

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The Statement of Net Position provides a perspective of the District as a whole. The following table provides a summary of the District's net position for 2016 compared to 2015:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Current and other assets	\$18,009,840	\$16,807,365	\$1,202,475
Capital assets, Net	12,174,662	12,797,907	(623,245)
Total assets	<u>30,184,502</u>	<u>29,605,272</u>	<u>579,230</u>
Deferred outflows of resources	<u>2,524,848</u>	<u>1,254,567</u>	<u>1,270,281</u>
Net pension liability	20,135,425	17,176,785	2,958,640
Long-term debt outstanding	13,229,070	14,395,252	(1,166,182)
Other liabilities	<u>1,723,531</u>	<u>1,653,447</u>	<u>70,084</u>
Total liabilities	<u>35,088,026</u>	<u>33,225,484</u>	<u>1,862,542</u>
Deferred inflows of resources	<u>11,388,632</u>	<u>13,297,226</u>	<u>(1,908,594)</u>
Net position (deficit):			
Net Investment in capital assets	1,387,709	668,117	719,592
Restricted	1,957,677	1,852,991	104,686
Unrestricted	<u>(17,112,694)</u>	<u>(18,183,979)</u>	<u>1,071,285</u>
Total net deficit	<u><u>(\$13,767,308)</u></u>	<u><u>(\$15,662,871)</u></u>	<u><u>\$1,895,563</u></u>

At year-end for governmental activities, capital assets represented 40% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2016 was \$1,387,709. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net position, \$1,957,667, represents resources that are subject to external restriction on how they may be used.

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

## **HEATH CITY SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016***

***Unaudited***

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

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

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

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

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

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



## HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**Unaudited**

Changes in Net Position – The following table shows the changes in net position for fiscal years 2016 and 2015:

	Governmental Activities		Increase (Decrease)
	2016	2015	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,421,992	\$1,286,560	\$135,432
Operating Grants and Contributions	1,123,022	1,087,236	35,786
Total Program Revenues	<u>2,545,014</u>	<u>2,373,796</u>	<u>171,218</u>
General Revenues:			
Property Taxes	10,819,255	10,099,976	719,279
Grants and Entitlements	7,371,309	7,086,554	284,755
Other	558,681	533,877	24,804
Total General Revenues	<u>18,749,245</u>	<u>17,720,407</u>	<u>1,028,838</u>
Total Revenues	<u>21,294,259</u>	<u>20,094,203</u>	<u>1,200,056</u>
<b>Program Expenses</b>			
Instruction	11,220,535	10,513,018	707,517
Support Services:			
Pupils	640,770	583,590	57,180
Instructional Staff	325,261	324,069	1,192
Board of Education	248,574	49,101	199,473
Administration	1,748,840	1,523,311	225,529
Fiscal Services	466,731	578,977	(112,246)
Business	28,922	20,438	8,484
Operation and Maintenance of Plant	1,909,197	1,507,678	401,519
Pupil Transportation	643,460	592,204	51,256
Central	347,036	451,684	(104,648)
Operation of Non-Instructional Services:			
Community Services	4,416	1,994	2,422
Food Service Operations	653,795	596,853	56,942
Shared Services	0	54,691	(54,691)
Extracurricular Activities	616,176	618,078	(1,902)
Interest and Fiscal Charges	544,983	657,894	(112,911)
Total Expenses	<u>19,398,696</u>	<u>18,073,580</u>	<u>1,325,116</u>
Change in Net Position	1,895,563	2,020,623	(125,060)
Beginning Net Deficit	<u>(15,662,871)</u>	<u>(17,683,494)</u>	<u>2,020,623</u>
Ending Net Deficit	<u>(\$13,767,308)</u>	<u>(\$15,662,871)</u>	<u>\$1,895,563</u>

# HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**Unaudited**

## **Governmental Activities**

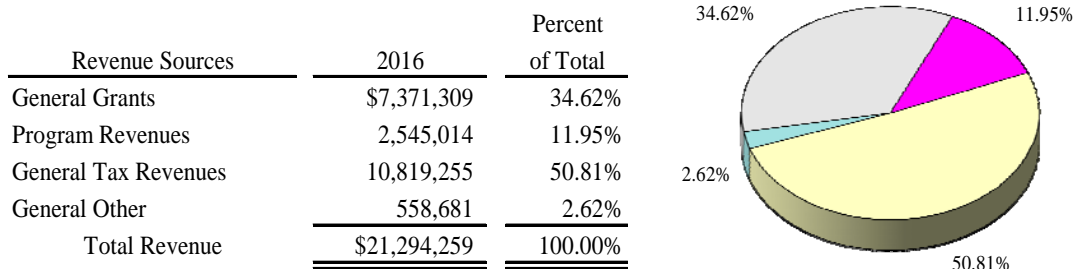
Net position of the District's governmental activities increased by \$1,895,563. Total governmental expenses of \$19,398,696 were offset by program revenues of \$2,545,014 and general revenues of \$18,749,245. Program revenues supported 13.1% of the total governmental expenses.

The primary reason for the increase in net position is that the District had available additional advance property tax money. In addition, the State increased Foundation monies to the District for 2016.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$18,190,564 and represent 97% of total general revenue.

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

Property taxes made up 51% of revenues for governmental activities for Heath City Schools in fiscal year 2016. The District's reliance upon tax revenues is demonstrated by the following graph:



## **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund balance of \$6,477,694, which is higher than last year's total of \$4,852,294. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2016 and 2015.

	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Increase (Decrease)
General	\$4,511,305	\$3,015,873	\$1,495,432
Bond Retirement	1,242,170	1,075,169	167,001
Other Governmental	724,219	761,252	(37,033)
Total	\$6,477,694	\$4,852,294	\$1,625,400

## HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**Unaudited**

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

	2016 Revenues	2015 Revenues	Increase (Decrease)
Taxes	\$9,288,251	\$8,635,417	\$652,834
Tuition	979,931	890,288	89,643
Investment Earnings	12,618	3,074	9,544
Class Materials and Fees	56,246	57,449	(1,203)
Intergovernmental - State	7,195,146	6,919,082	276,064
All Other Revenue	537,520	539,667	(2,147)
Total	\$18,069,712	\$17,044,977	\$1,024,735

General Fund revenues in 2016 increased approximately 6.0% compared to revenues in fiscal year 2015. The increase in tax revenue is the result of an increase in the amount of real estate tax advances available compared to the prior year. Intergovernmental – State increased due to increases in the State's Foundation funding provisions. The increase in tuition is due to a 15% increase in the number of students enrolled under the open enrollment option.

	2016 Expenditures	2015 Expenditures	Increase (Decrease)
Instruction	\$10,202,353	\$9,515,301	\$687,052
Supporting Services:			
Pupils	625,386	608,490	16,896
Instructional Staff	276,417	251,248	25,169
Board of Education	248,574	49,101	199,473
Administration	1,576,727	1,357,851	218,876
Fiscal Services	490,971	552,727	(61,756)
Business	27,523	20,438	7,085
Operation and Maintenance of Plant	1,677,527	1,423,453	254,074
Pupil Transportation	607,345	544,902	62,443
Central	344,887	444,230	(99,343)
Operation of Non-Instructional Services:			
Food Service Operations	1,557	4,040	(2,483)
Shared Services	0	54,691	(54,691)
Extracurricular Activities	319,832	321,783	(1,951)
Capital Outlay	158,157	68,586	89,571
Debt Service:			
Principal Retirement	15,553	14,597	956
Interest and Fiscal Charges	1,871	2,827	(956)
Total	\$16,574,680	\$15,234,265	\$1,340,415

The expenditures increased by \$1,340,415 or 8.8% compared to the prior year. The overall increase is due to salary increases of 2% and health insurance increases. The increase in Instruction is also due to an increase of two certified teachers. The increase in Operation and Maintenance of Plant is due to the increased use of substitute custodial staff and repair and maintenance work that had been postponed from previous years. The decrease in Central was due to an upgrade of computers and related technology infrastructure in fiscal 2015. The District no longer participates in Shared Services. The increase in Capital Outlay is due to roof repairs and parking lot resurfacing.

# HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016

Unaudited

*Bond Retirement Fund* – This fund increased as a result of refunding general obligation bonds.

## GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of fiscal year 2016 the District amended its General Fund budget, the increase of \$1.4 million compared to the original budget was the result of needing to budget additional monies for health insurance, the county education service center and severance benefits. Actual expenditures compared to the final budget resulted in an overall positive variance due to retired teachers that were replaced at a lower cost, lower than expected costs for the English as a Second Language program and the college tuition reimbursements program.

The General Fund budget basis revenue of \$17.5 million increased by \$6.1 million compared to the original budget estimates as a result of increased property tax and State Foundation monies. Actual revenues did not significantly differ from budgeted revenues.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal 2016, the District had \$12,174,662 net of accumulated depreciation invested in land, buildings, equipment, vehicles, and construction in progress. The following table shows fiscal year 2016 and 2015 balances:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Land	\$438,952	\$438,952	\$0
Land Improvements	2,161,359	2,161,359	0
Buildings and Improvements	21,792,147	21,792,147	0
Machinery and Equipment	1,410,616	1,438,536	(27,920)
Vehicles	965,121	939,076	26,045
Construction in Progress	150,138	0	150,138
Less: Accumulated Depreciation	(14,743,671)	(13,972,163)	(771,508)
Totals	\$12,174,662	\$12,797,907	(\$623,245)

The District began renovations on the Middle School lecture hall during fiscal year 2016. Additional information on the District's capital assets can be found in Note 8.

# HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016*

*Unaudited*

## *Debt*

At June 30, 2016, the District had \$13.2 million in general obligation bonds, capital leases and compensated absences outstanding, \$1,191,439 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Governmental Activities:		
General Obligation Bonds Payable	\$12,140,782	\$13,170,033
Net Pension Liability	20,135,425	17,176,785
Capital Leases Payable	105,768	204,216
Compensated Absences	982,520	1,021,003
Totals	<u>\$33,364,495</u>	<u>\$31,572,037</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2016, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 11.

## **ECONOMIC FACTORS**

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

The District refunded general obligation bonds for a savings of over \$800,000. Moody's also upgraded the District's bond rating.

## **REQUESTS FOR INFORMATION**

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

# HEATH CITY SCHOOL DISTRICT

## Statement of Net Position June 30, 2016

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 5,736,831
Investments	1,186,852
Receivables:	
Taxes	10,770,429
Intergovernmental	268,363
Interest	2,402
Inventory	8,115
Prepaid Items	36,848
Capital Assets:	
Nondepreciable Capital Assets	589,090
Depreciable Capital Assets, Net	11,585,572
Total Capital Assets, Net	<u>12,174,662</u>
<b>Total Assets</b>	<u>30,184,502</u>
<b>Deferred Outflows of Resources:</b>	
Pension	<u>2,524,848</u>
<b>Liabilities:</b>	
Accounts Payable	189,178
Accrued Wages and Benefits	957,148
Intergovernmental Payable	246,155
Claims Payable	289,000
Early Retirement Incentive Payable	14,394
Accrued Interest Payable	27,656
Long Term Liabilities:	
Due Within One Year	1,191,439
Due in More Than One Year:	
Net Pension Liability	20,135,425
Other Amounts Due in More Than One Year	12,037,631
<b>Total Liabilities</b>	<u>35,088,026</u>
<b>Deferred Inflows of Resources:</b>	
Property Taxes	9,757,394
Deferred Gain on Refunding	316,335
Pension	<u>1,314,903</u>
Total Deferred Inflows of Resources	<u>11,388,632</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	1,387,709
Restricted For:	
Capital Projects	560,592
Debt Service	1,237,784
Statutory Purposes	81,982
Federal and State Grant Programs	77,319
Unrestricted (Deficit)	<u>(17,112,694)</u>
<b>Total Net Position</b>	<u>\$ (13,767,308)</u>

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

### Statement of Activities For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 11,220,535	\$ 1,037,209	\$ 512,086	\$ (9,671,240)
Support Services:				
Pupils	640,770	55,620	0	(585,150)
Instructional Staff	325,261	0	31,472	(293,789)
Board of Education	248,574	0	0	(248,574)
Administration	1,748,840	0	144,655	(1,604,185)
Fiscal Services	466,731	0	0	(466,731)
Business	28,922	0	0	(28,922)
Operation and Maintenance of Plant	1,909,197	0	0	(1,909,197)
Pupil Transportation	643,460	0	0	(643,460)
Central	347,036	0	17,200	(329,836)
Operation of Non-Instructional Services:				
Community Services	4,416	0	0	(4,416)
Food Service Operations	653,795	198,299	417,609	(37,887)
Extracurricular Activities	616,176	130,864	0	(485,312)
Interest and Fiscal Charges	544,983	0	0	(544,983)
<b>Total Governmental Activities</b>	<b>\$ 19,398,696</b>	<b>\$ 1,421,992</b>	<b>\$ 1,123,022</b>	<b>(16,853,682)</b>

#### General Revenues

Property Taxes Levied for:	
General Purposes	9,279,815
Debt Service	1,343,433
Capital Outlay	196,007
Grants and Entitlements not Restricted to Specific Programs	7,371,309
Investment Earnings	29,265
Miscellaneous	529,416
<b>Total General Revenues</b>	<b>18,749,245</b>
Change in Net Position	1,895,563
Net Deficit Beginning of Year	(15,662,871)
Net Deficit End of Year	<b>\$ (13,767,308)</b>

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 3,798,182	\$ 1,150,240	\$ 714,038	\$ 5,662,460
Investments	1,186,852	0	0	1,186,852
Receivables:				
Taxes	9,330,827	1,248,371	191,231	10,770,429
Intergovernmental	0	0	268,363	268,363
Interest	2,402	0	0	2,402
Interfund Loan Receivable	164,046	0	0	164,046
Inventory	0	0	8,115	8,115
Prepaid Items	27,763	0	9,085	36,848
<b>Total Assets</b>	<b>\$ 14,510,072</b>	<b>\$ 2,398,611</b>	<b>\$ 1,190,832</b>	<b>\$ 18,099,515</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 167,462	\$ 0	\$ 21,716	\$ 189,178
Accrued Wages and Benefits	883,641	0	73,507	957,148
Intergovernmental Payable	233,553	0	12,602	246,155
Interfund Loans Payable	0	0	164,046	164,046
Early Retirement Incentive Payable	14,394	0	0	14,394
Compensated Absences Payable	63,271	0	0	63,271
<b>Total Liabilities</b>	<b>1,362,321</b>	<b>0</b>	<b>271,871</b>	<b>1,634,192</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	8,451,183	1,133,171	173,040	9,757,394
Unavailable Revenue	185,263	23,270	21,702	230,235
<b>Total Deferred Inflows of Resources</b>	<b>8,636,446</b>	<b>1,156,441</b>	<b>194,742</b>	<b>9,987,629</b>
<b>Fund Balances:</b>				
Nonspendable	27,763	0	17,200	44,963
Restricted	0	1,242,170	707,019	1,949,189
Assigned	261,619	0	0	261,619
Unassigned	4,221,923	0	0	4,221,923
<b>Total Fund Balances</b>	<b>4,511,305</b>	<b>1,242,170</b>	<b>724,219</b>	<b>6,477,694</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,510,072</b>	<b>\$ 2,398,611</b>	<b>\$ 1,190,832</b>	<b>\$ 18,099,515</b>

See accompanying notes to the basic financial statements



## **HEATH CITY SCHOOL DISTRICT**

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### ***Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2016***

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**Total Governmental Fund Balances** \$ 6,477,694

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 12,174,662

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 230,235

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

Deferred Outflows - Pension	2,524,848	
Deferred Inflows - Pension	(1,314,903)	
Net Pension Liability	<u>(20,135,425)</u>	(18,925,480)

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

General Obligation Bonds Payable	(10,149,987)	
Deferred Gain on Refunding (to be amortized over life of debt)	(316,335)	
Issuance Premium (to be amortized over life of debt)	(531,198)	
Interest Accretion (to be amortized as interest expense)	(1,459,597)	
Capital Leases Payable	(105,768)	
Compensated Absences Payable	(919,249)	
Accrued Interest Payable	<u>(27,656)</u>	(13,509,790)

The internal service fund is used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. (214,629)

***Net Position of Governmental Activities*** \$ (13,767,308)

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2016

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 9,288,251	\$ 1,346,365	\$ 196,290	\$ 10,830,906
Tuition	979,931	0	0	979,931
Food Services	0	0	198,299	198,299
Investment Earnings	12,618	0	16,065	28,683
Extracurricular Activities	0	0	130,864	130,864
Class Materials and Fees	56,246	0	0	56,246
Intergovernmental - State	7,195,146	190,031	50,686	7,435,863
Intergovernmental - Federal	0	0	1,040,547	1,040,547
All Other Revenue	537,520	0	48,148	585,668
<b>Total Revenues</b>	<b>18,069,712</b>	<b>1,536,396</b>	<b>1,680,899</b>	<b>21,287,007</b>
<b>Expenditures:</b>				
Current:				
Instruction	10,202,353	0	637,582	10,839,935
Supporting Services:				
Pupils	625,386	0	169	625,555
Instructional Staff	276,417	0	29,400	305,817
Board of Education	248,574	0	0	248,574
Administration	1,576,727	0	149,666	1,726,393
Fiscal Services	490,971	20,353	3,203	514,527
Business	27,523	0	1,399	28,922
Operation and Maintenance of Plant	1,677,527	0	0	1,677,527
Pupil Transportation	607,345	0	0	607,345
Central	344,887	0	0	344,887
Operation of Non-Instructional Services:				
Community Services	0	0	4,416	4,416
Food Service Operations	1,557	0	602,352	603,909
Extracurricular Activities	319,832	0	140,642	460,474
Capital Outlay	158,157	0	150,138	308,295
Debt Service:				
Principal Retirement	15,553	1,057,895	0	1,073,448
Interest and Fiscal Charges	1,871	435,793	0	437,664
<b>Total Expenditures</b>	<b>16,574,680</b>	<b>1,514,041</b>	<b>1,718,967</b>	<b>19,807,688</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,495,032	22,355	(38,068)	1,479,319

## **HEATH CITY SCHOOL DISTRICT**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	400	0	0	400
Refunding General Obligation Bonds Issued	0	7,340,000	0	7,340,000
Premium on General Obligation Refunding Bond	0	493,000	0	493,000
Payment to Refunded Bond Escrow Agent	0	(7,688,354)	0	(7,688,354)
<b>Total Other Financing Sources (Uses)</b>	<u>400</u>	<u>144,646</u>	<u>0</u>	<u>145,046</u>
Net Change in Fund Balances	1,495,432	167,001	(38,068)	1,624,365
<b>Fund Balances at Beginning of Year</b>	3,015,873	1,075,169	761,252	4,852,294
Increase in Inventory	0	0	1,035	1,035
<b>Fund Balances End of Year</b>	<u>\$ 4,511,305</u>	<u>\$ 1,242,170</u>	<u>\$ 724,219</u>	<u>\$ 6,477,694</u>

See accompanying notes to the basic financial statements

***HEATH CITY SCHOOL DISTRICT***

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## **HEATH CITY SCHOOL DISTRICT**

***Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances Of Governmental Funds  
To the Statement Of Activities  
For the Fiscal Year Ended June 30, 2016***

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,624,365

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (623,245)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 6,465

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,200,671

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,086,188)

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 928,802

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 10,119

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	8,799	
Interest Accretion	(215,138)	
Amortization of Deferred Gain on Refunding	28,757	
Amortization of Premium on Bond Issuance	68,943	
Change in Inventory	1,035	(107,604)

The internal service fund, which is used by management to charge the costs of services to individual funds, is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (57,822)

***Change in Net Position of Governmental Activities*** **\$ 1,895,563**

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 8,511,700	\$ 9,044,855	\$ 9,044,841	\$ (14)
Tuition	885,000	887,500	979,931	92,431
Investment Earnings	3,500	9,450	11,707	2,257
Class Material and Fees	3,600	3,600	3,328	(272)
Intergovernmental - State	1,594,100	7,159,425	7,195,146	35,721
All Other Revenues	403,852	403,852	374,006	(29,846)
Total Revenues	<u>11,401,752</u>	<u>17,508,682</u>	<u>17,608,959</u>	<u>100,277</u>
<b>Expenditures:</b>				
Current:				
Instruction	9,812,039	10,777,368	10,130,203	647,165
Support Services:				
Pupils	579,025	567,441	507,121	60,320
Instructional Staff	274,750	297,361	276,274	21,087
Board of Education	519,145	328,832	243,528	85,304
Administration	1,498,799	1,557,383	1,500,683	56,700
Fiscal Services	539,650	536,413	528,809	7,604
Business	43,106	28,506	25,774	2,732
Operation and Maintenance of Plant	1,622,632	1,774,450	1,682,605	91,845
Pupil Transportation	607,322	618,497	615,731	2,766
Central	310,038	389,330	370,477	18,853
Non-Instructional Services:				
Food Services	5,000	2,150	2,148	2
Extracurricular Activities	375,595	353,680	323,248	30,432
Capital Outlay	31,652	249,873	188,780	61,093
Total Expenditures	<u>16,218,753</u>	<u>17,481,284</u>	<u>16,395,381</u>	<u>1,085,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,817,001)	27,398	1,213,578	1,186,180

## **HEATH CITY SCHOOL DISTRICT**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	500	500	400	(100)
Advances Out	0	(164,046)	(164,046)	0
Total Other Financing Sources (Uses)	500	(163,546)	(163,646)	(100)
Net Change in Fund Balance	(4,816,501)	(136,148)	1,049,932	1,186,080
Fund Balance at Beginning of Year	3,435,480	3,435,480	3,435,480	0
Prior Year Encumbrances	136,941	136,941	136,941	0
Fund Balance at End of Year	\$ (1,244,080)	\$ 3,436,273	\$ 4,622,353	\$ 1,186,080

See accompanying notes to the basic financial statements

# HEATH CITY SCHOOL DISTRICT

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## Statement of Net Position Proprietary Fund June 30, 2016

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	Governmental Activities - Internal Service Funds
<b>Assets:</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 74,371
<b>Total Assets</b>	<u>74,371</u>
<b>Liabilities:</b>	
Claims Payable	<u>289,000</u>
<b>Total Liabilities</b>	<u>289,000</u>
<b>Net Deficit:</b>	
Unrestricted	<u>(214,629)</u>
<b>Total Net Position</b>	<u>\$ (214,629)</u>

See accompanying notes to the basic financial statements



## **HEATH CITY SCHOOL DISTRICT**

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***Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2016***

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	Governmental Activities - Internal Service Funds
<b>Operating Revenues:</b>	
Interfund Charges	<u>\$ 2,381,756</u>
<b>Total Operating Revenues</b>	<u>2,381,756</u>
<b>Operating Expenses:</b>	
Claims	<u>2,439,965</u>
<b>Total Operating Expenses</b>	<u>2,439,965</u>
Operating Loss	(58,209)
<b>Nonoperating Revenue:</b>	
Investment Earnings	<u>387</u>
<b>Total Nonoperating Revenues</b>	<u>387</u>
Change in Net Deficit	(57,822)
Net Deficit Beginning of Year	<u>(156,807)</u>
Net Deficit End of Year	<u>\$ (214,629)</u>

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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***Statement of Cash Flows***  
***Proprietary Fund***  
***For the Fiscal Year Ended June 30, 2016***

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	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$ 2,381,756
Cash Payments for Claims	(2,522,365)
Net Cash Used for Operating Activities	<u>(140,609)</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	387
Net Cash Provided by Investing Activities	<u>387</u>
Net Decrease in Cash and Cash Equivalents	(140,222)
Cash and Cash Equivalents at Beginning of Year	214,593
Cash and Cash Equivalents at End of Year	<u><u>\$74,371</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$58,209)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Claims Payable	(82,400)
Total Adjustments	<u>(82,400)</u>
Net Cash Used for Operating Activities	<u><u>\$ (140,609)</u></u>

See accompanying notes to the basic financial statements

**HEATH CITY SCHOOL DISTRICT**

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**Statement of Net Position  
Fiduciary Funds  
June 30, 2016**

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	Private Purpose Trust	
	Special Trust Fund	Agency
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 1,529	\$ 77,613
<b>Total Assets</b>	<u>1,529</u>	<u>77,613</u>
<b>Liabilities:</b>		
Due to Others	0	37,758
Due to Students	0	39,855
<b>Total Liabilities</b>	<u>0</u>	<u>77,613</u>
<b>Net Position:</b>		
Unrestricted	1,529	0
<b>Total Net Position</b>	<u>\$ 1,529</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**HEATH CITY SCHOOL DISTRICT**

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**Statement of Changes in Net Position**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2016**

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	Private Purpose Trust
	Special Trust Fund
<b>Additions:</b>	
Interest	\$ 12
Total Additions	<u>12</u>
<b>Deductions:</b>	
Community Gifts, Awards and Scholarships	<u>100</u>
Total Deductions	<u>100</u>
Change in Net Position	(88)
Net Position at Beginning of Year	<u>1,617</u>
Net Position End of Year	<u>\$ 1,529</u>

See accompanying notes to the basic financial statements

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **A. Reporting Entity**

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 52 noncertified and approximately 115 certified teaching personnel and administrative employees providing education to 1,718 students.

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

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

#### **B. Basis of Presentation - Fund Accounting**

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

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **B. Basis of Presentation - Fund Accounting** (Continued)

The following fund types are used by the District:

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

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

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation and Measurement Focus – Financial Statements**

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

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

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Basis of Accounting**

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

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

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

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

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

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

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

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



# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **E. Budgetary Process**

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

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

#### **1. Estimated Resources**

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2016.

#### **2. Appropriations**

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

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

## **HEATH CITY SCHOOL DISTRICT**

***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process** (Continued)

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

Net Change in Fund Balance	General Fund
GAAP Basis (as reported)	\$1,495,432
Increase (Decrease):	
Accrued Revenues	
at June 30, 2016,	
received during FY 2017	(860,829)
Accrued Revenues	
at June 30, 2015,	
received during FY 2016	452,473
Accrued Expenditures	
at June 30, 2016,	
paid during FY 2017	1,362,321
Accrued Expenditures	
at June 30, 2015,	
paid during FY 2016	(1,205,499)
FY 2015 Prepays for FY 2016	2,075
FY 2016 Prepays for FY 2017	(27,763)
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	(37,013)
Encumbrances Outstanding	(131,265)
Budget Basis	\$1,049,932

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **F. Cash and Cash Equivalents**

During fiscal year 2016, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

#### **G. Investments**

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

The District has invested funds in the STAR Ohio during 2016. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2016. See Note 4, "Cash, Cash Equivalents and Investments".

#### **H. Inventory**

On government-wide financial statements and the governmental fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the governmental fund financial statements and using the consumption method on the government-wide financial statements.

On the governmental fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of general supplies, purchased food and donated food, which is presented at their entitlement value.

# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

#### **J. Capital Assets and Depreciation**

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

##### **1. Property, Plant and Equipment - Governmental Activities**

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

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

##### **2. Depreciation**

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

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

**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Long-Term Obligations**

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

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

**L. Compensated Absences**

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

**M. Net Position**

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

The District policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The District did not have net position restricted by enabling legislation at June 30, 2016.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **N. Fund Balance**

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

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

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

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

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

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

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

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **O. Pensions**

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

#### **P. Interfund Activity**

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

#### **Q. Estimates**

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

#### **R. Operating Revenues and Expenses**

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

#### **S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2016. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2016, the District had no extraordinary or special items.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

##### **U. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pensions. The deferred outflows of resources related to pensions are explained in Note 9.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported on the government wide statement of net position for deferred gains on refunding and deferred inflows of resources related to pensions which are explained in Note 9. The deferred gain on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the government-wide statement of net position and the governmental funds balance sheet report property taxes that are intended to finance future fiscal periods are reported as deferred inflows. The governmental funds balance sheet also reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, investment earnings, grants, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.



## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **V. Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

#### NOTE 2 – FUND BALANCES

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

Fund Balances	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$27,763	\$0	\$9,085	\$36,848
Supplies Inventory	0	0	8,115	8,115
Total Nonspendable	<u>27,763</u>	<u>0</u>	<u>17,200</u>	<u>44,963</u>
Restricted:				
Food Service Operations	0	0	41,648	41,648
Community Activities	0	0	1,358	1,358
Extracurricular Activities	0	0	58,247	58,247
Technology Improvements	0	0	5,601	5,601
Professional Development	0	0	14,400	14,400
Special Education	0	0	6,963	6,963
Targeted Academic Assistance	0	0	29,602	29,602
Improving Teacher Quality	0	0	1,474	1,474
Debt Service Payments	0	1,242,170	0	1,242,170
Capital Improvements	0	0	547,726	547,726
Total Restricted	<u>0</u>	<u>1,242,170</u>	<u>707,019</u>	<u>1,949,189</u>
Assigned to Other Purposes	261,619	0	0	261,619
Total Assigned	<u>261,619</u>	<u>0</u>	<u>0</u>	<u>261,619</u>
Unassigned	4,221,923	0	0	4,221,923
Total Fund Balances	<u>\$4,511,305</u>	<u>\$1,242,170</u>	<u>\$724,219</u>	<u>\$6,477,694</u>

**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL  
FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

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

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

Capital Outlay	\$193,046
Depreciation Expense	(816,291)
	(\$623,245)

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Tax Revenue	(\$11,651)
Increase in Intergovernmental Grants Receivable	17,921
Increase in Interest Earnings	195
	\$6,465

*Amount of bond and lease principal payments:*

Bond Principal Payment	\$975,000
Capital Lease Payment	98,448
Payment to Escrow Agent for Refunding	7,688,354
Refunding Bonds Issued	(7,340,000)
Premium on Refunding Bonds Issued	(493,000)
	\$928,802

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## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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

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

# HEATH CITY SCHOOL DISTRICT

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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

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

#### **A. Deposits**

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

At year end the carrying amount of the District's deposits was \$295,887 and the bank balance was \$440,019. Federal depository insurance covered \$253,300 of the bank balance and \$186,719 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$186,719</u>
Total Balance	<u><u>\$186,719</u></u>

## **HEATH CITY SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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

##### **B. Investments**

The District's investments at June 30, 2016 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3 years</u>	<u>3-5 years</u>
Repurchase Agreements	\$4,430,395	*	\$4,430,395	\$0	\$0
STAR Ohio	1,092,991	AAAm <sup>2</sup>	1,092,991	0	0
FNMA Notes	243,700	Aaa <sup>1</sup> , AA+ <sup>2</sup>	0	243,700	0
FHLB Note	150,000	a Aaa <sup>1</sup> , AA+ <sup>2</sup>	0	0	150,000
FHLMC Notes	254,917	b Aaa <sup>1</sup> , AA+ <sup>2</sup>	0	149,917	105,000
Negotiable CD	534,935	AAA <sup>3</sup>	0	470,000	64,935
Total Investments	<u>\$6,706,938</u>		<u>\$5,523,386</u>	<u>\$863,617</u>	<u>\$319,935</u>

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

<sup>1</sup> Moody's Investor Service

<sup>2</sup> Standard & Poor's

<sup>3</sup> All are fully FDIC insured and therefore have an implied AAA credit rating.

<sup>a</sup> A \$150,000 FHLB Note was called on July 13, 2016.

<sup>b</sup> A \$149,917 FHLMC Note was called on August 24, 2016 and a \$105,000 FHLMC Note was called on August 26, 2016.

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

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

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 66.1% are repurchase agreements, 16.3% are STAR Ohio, 3.6% are FNMA, 2.2% are FHLB, 3.8% are FHLMC, and 8.0% are Negotiable Certificates of Deposit.

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

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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

**C. Reconciliation of Cash, Cash Equivalents and Investments**

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$5,815,973	\$1,186,852
Certificates of Deposit (with maturities of more than 3 months)	3,300	(3,300)
Repurchase Agreements	(4,430,395)	4,430,395
STAR Ohio	(1,092,991)	1,092,991
Per GASB Statement No. 3	<u>\$295,887</u>	<u>\$6,706,938</u>

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 5 - PROPERTY TAXES (Continued)**

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2016 receipts were based are:

	Assessed Values for Collection in:	
	2015 Second Half	2016 First Half
Agricultural/Residential and Other Real Estate	\$246,138,835	\$234,500,020
Public Utility Personal	8,025,020	9,434,090
Total Assessed Value	\$254,163,855	\$243,934,110
Tax rate per \$1,000 of assessed valuation	\$63.10	\$64.30

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2016 consisted of taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Following is a summary of interfund receivables and payables for all funds at June 30, 2016:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$164,046	\$0
Nonmajor Governmental Funds	0	164,046
Totals	\$164,046	\$164,046

The Interfund Loan is a short-term loan which will be paid back within the year.

## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

#### NOTE 8 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2016:

<i>Historical Cost:</i>				
Class	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
<i>Capital Assets not being depreciated:</i>				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	0	150,138	0	150,138
Subtotal	<u>438,952</u>	<u>150,138</u>	<u>0</u>	<u>589,090</u>
<i>Capital Assets being depreciated:</i>				
Land Improvements	2,161,359	0	0	2,161,359
Buildings and Improvements	21,792,147	0	0	21,792,147
Furniture, Fixtures and Equipment	1,438,536	16,863	(44,783)	1,410,616
Vehicles	939,076	26,045	0	965,121
Subtotal	<u>26,331,118</u>	<u>42,908</u>	<u>(44,783)</u>	<u>26,329,243</u>
Total Cost	<u>\$26,770,070</u>	<u>\$193,046</u>	<u>(\$44,783)</u>	<u>\$26,918,333</u>
 <i>Accumulated Depreciation:</i>				
Class	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
Land Improvements	(\$1,503,927)	(\$86,520)	\$0	(\$1,590,447)
Buildings and Improvements	(10,635,611)	(631,405)	0	(11,267,016)
Furniture, Fixtures and Equipment	(1,120,630)	(57,462)	44,783	(1,133,309)
Vehicles	(711,995)	(40,904)	0	(752,899)
Total Depreciation	<u>(\$13,972,163)</u>	<u>(\$816,291) *</u>	<u>\$44,783</u>	<u>(\$14,743,671)</u>
<i>Net Value:</i>	<u>\$12,797,907</u>			<u>\$12,174,662</u>

\* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$419,013
Support Services:	
Pupils	19,219
Instructional Staff	20,383
Administration	41,143
Fiscal Services	2,104
Operations and Maintenance of Plant	55,841
Pupil Transportation	55,571
Operation of Non-Instructional Services:	
Food Service	35,985
Extracurricular Activities	167,032
Total Depreciation Expense	<u>\$816,291</u>



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 9 - DEFINED BENEFIT PENSION PLANS**

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

##### **A. Net Pension Liability**

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Plan Description**

***School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$273,158 for fiscal year 2016. Of this amount \$45,332 is reported as an intergovernmental payable.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. Plan Description (Continued)**

###### ***State Teachers Retirement System (STRS)***

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. Plan Description (Continued)**

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$927,513 for fiscal year 2016. Of this amount \$155,708 is reported as an intergovernmental payable.

## HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,434,642	\$16,700,783	\$20,135,425
Proportion of the Net Pension Liability -2016	0.0601925%	0.06042891%	
Proportion of the Net Pension Liability -2015	<u>0.0522460%</u>	<u>0.05974744%</u>	
Percentage Change	<u>0.0079465%</u>	<u>0.00068147%</u>	
Pension Expense	\$322,710	\$763,478	\$1,086,188

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$55,305	\$761,345	\$816,650
Changes in proportionate share	351,665	155,862	507,527
School District contributions subsequent to the measurement date	<u>273,158</u>	<u>927,513</u>	<u>1,200,671</u>
Total Deferred Outflows of Resources	<u>\$680,128</u>	<u>\$1,844,720</u>	<u>\$2,524,848</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$113,801</u>	<u>\$1,201,102</u>	<u>\$1,314,903</u>
Total Deferred Inflows of Resources	<u>\$113,801</u>	<u>\$1,201,102</u>	<u>\$1,314,903</u>

\$1,200,671 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2017	\$71,025	(\$232,084)	(\$161,059)
2018	71,025	(232,084)	(161,059)
2019	70,765	(232,084)	(161,319)
2020	<u>80,354</u>	<u>412,357</u>	<u>492,711</u>
Total	<u>\$293,169</u>	<u>(\$283,895)</u>	<u>\$9,274</u>

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**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Actuarial Assumptions**

***School Employees Retirement System (SERS)***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

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

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

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

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

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Actuarial Assumptions (Continued)**

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

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$4,762,615	\$3,434,642	\$2,316,380

## HEATH CITY SCHOOL DISTRICT

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

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#### NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

##### **D. Actuarial Assumptions** (Continued)

##### *State Teachers Retirement System (STRS)*

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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



**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Actuarial Assumptions (Continued)**

***Discount Rate*** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$23,198,648	\$16,700,783	\$11,205,870

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 10 - POSTEMPLOYMENT BENEFITS**

##### **A. School Employee Retirement System**

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2016, no percentage of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount (\$23,000 for 2016), pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$29,156.

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

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$29,156, \$45,022, and \$28,539 respectively; which were equal to the required contributions for each year.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

##### **B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$65,001 respectively; which were equal to the required contributions for each year.

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## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

#### NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The original amounts of the General Obligation Bonds Payable used to finance the cost of various building renovations and the cost of building a new high school and other building additions were \$993,350 and \$16,247,718. The original amounts of the 2005 and 2006 refundings, \$9,999,987 and \$2,494,999, were used to refund the \$16,248,718 bond. The 2015 refunding of \$7,340,000 was used to partially refund the 2005 refunding.

Detail of the changes in the bonds, net pension liability, capital leases payable and compensated absences of the District for the year ended June 30, 2016 is as follows:

		Balance June 30, 2015	Issued	Retired	Balance June 30, 2016
<b>Governmental Activities:</b>					
General Obligation Bonds Payable:					
School Improvement Bonds	6.38%	\$925,000	\$0	(\$5,000)	\$920,000
School Improvement Bonds-Refunding-2005	2.75-4.2%	8,524,987	0	(7,805,000)	719,987
School Improvement Bonds-Refunding-2006	3.6-4%	1,870,000	0	(700,000)	1,170,000
School Improvement Bonds-Refunding-2015	2-4%	0	7,340,000	0	7,340,000
Subtotal General Obligation Bonds Payable		11,319,987	7,340,000	(8,510,000)	10,149,987
Premium on Refunding Bonds		605,587	493,000	(567,389)	531,198
Interest Accretion		1,244,459	215,138	0	1,459,597
Total General Obligation Bonds Payable		13,170,033	8,048,138	(9,077,389)	12,140,782
Net Pension Liability:					
School Teachers Retirement System		14,532,645	2,168,138	0	16,700,783
School Employees Retirement System		2,644,140	790,502	0	3,434,642
Total Net Pension Liability		17,176,785	2,958,640	0	20,135,425
Capital Leases		204,216	0	(98,448)	105,768
Compensated Absences		1,021,003	123,039	(161,522)	982,520
Total Governmental Activities		\$31,572,037	\$11,129,817	(\$9,337,359)	\$33,364,495

#### **A. Principal and Interest Requirements**

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2016, follows:

Years	General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2017	\$960,000	\$314,866	\$101,458	\$2,888
2018	990,000	283,447	4,310	46
2019	329,940	1,043,338	0	0
2020	303,795	1,067,964	0	0
2021	281,252	1,093,989	0	0
2022-2026	5,810,000	816,994	0	0
2027-2028	1,475,000	38,128	0	0
Totals	\$10,149,987	\$4,658,726	\$105,768	\$2,934

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

##### **B. Defeased Debt**

In September 2015, the District defeased \$7,805,000 of General Obligation Bonds dated October 4, 2005 (the "2005 Bonds") through the issuance of \$7,340,000 of General Obligation Bonds. The net proceeds of the 2005 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States 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 were called by the escrow agent during fiscal year 2016, and are not included in the District's outstanding debt. The refunding was undertaken to reduce total debt service payments over the next 12 years by \$890,855 and resulted in an economic gain of \$802,054

#### **NOTE 12 - CAPITALIZED LEASES**

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

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2017	\$104,346
2018	4,356
Minimum Lease Payments	108,702
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(2,934)</u>
Present Value of minimum lease payments	<u><u>\$105,768</u></u>

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2016 the District contracted with Wright Specialty Insurance for various insurance coverages, as follows:

<u>Coverage</u>	<u>Deductible</u>	<u>Aggregate</u>
	\$500/Comprehensive	
Fleet Insurance	\$500/Collision	\$1,000,000
Buildings and Contents	\$1,000	\$45,661,545
Equipment Breakdown	\$1,000	\$37,777,500
School District Liability	\$0	\$2,000,000
Employee Benefits Liability	\$1,000	\$3,000,000
School Leaders Errors and Omissions	\$2,500	\$1,000,000
Umbrella Policy	\$0	\$1,000,000
Crime	\$0	\$50,000
Inland Marine	\$500	\$100,000
Computers	\$500	\$100,000

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

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

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 13 - RISK MANAGEMENT (Continued)**

The District provides life and vision benefits through commercial coverage. On July 1, 2013, the District began providing group health and dental care to employees and their eligible dependents through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the self-insurance fund are available to pay claims. The plan is administered by a third party administrator, Medical Benefits, Inc., which monitors all claim payments. Excess loss coverage becomes effective after \$95,000 per year per specific claim. The outstanding claims at June 30, 2016, for the health care self-insurance program amounted to \$289,000.

The claims liability reported in the fund at June 30, 2016 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2016 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2015	\$222,200	\$2,028,577	(\$1,879,377)	\$371,400
2016	\$371,400	\$2,439,965	(\$2,522,365)	\$289,000

**NOTE 14 – STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts for capital acquisition into a reserve. Reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2016, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2015	\$15,307
Current Year Additions	307,529
Qualifying Offset	(228,826)
Current Year Disbursements	(155,371)
Totals	(61,361)
Balance Carried Forward to FY2017	\$0

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

##### **A. Licking Area Computer Association**

*Licking Area Computer Association* - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$110,993 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Streby, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

##### **B. Educational Regional Service System Region 11**

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



**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 16 – CONTINGENCIES**

**A. Grants**

The District receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2016, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2016.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**NOTE 17 – OTHER COMMITMENTS**

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

Governmental Funds:	
General Fund	\$140,071
Other Governmental Funds	43,125
Total Governmental Funds	<u>\$183,196</u>

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2016, the District has implemented GASB Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

## **HEATH CITY SCHOOL DISTRICT**

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

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### **State Teachers Retirement System**

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.05974744%	0.05974744%	0.06042891%
District's proportionate share of the net pension liability (asset)	\$17,311,192	\$14,532,645	\$16,700,783
District's covered-employee payroll	\$6,661,546	\$6,196,446	\$6,143,793
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	259.87%	234.53%	271.83%
Plan fiduciary net position as a percentage of the total pension liability	69.30%	74.70%	72.10%

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

### **School Employees Retirement System**

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.052246%	0.052246%	0.06019250%
District's proportionate share of the net pension liability (asset)	\$3,106,902	\$2,644,140	\$3,434,642
District's covered-employee payroll	\$1,929,429	\$1,526,782	\$1,760,425
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	161.03%	173.18%	195.10%
Plan fiduciary net position as a percentage of the total pension liability	65.52%	71.70%	69.16%

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

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

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

**HEATH CITY SCHOOL DISTRICT**

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

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**State Teachers Retirement System**

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Contractually required contribution	\$857,632	\$856,239	\$884,386	\$891,874
Contributions in relation to the contractually required contribution	<u>857,632</u>	<u>856,239</u>	<u>884,386</u>	<u>891,874</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$6,597,169	\$6,586,454	\$6,802,969	\$6,860,569
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%

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

**School Employees Retirement System**

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Contractually required contribution	\$179,808	\$169,327	\$152,003	\$206,513
Contributions in relation to the contractually required contribution	<u>179,808</u>	<u>169,327</u>	<u>152,003</u>	<u>206,513</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$1,683,596	\$1,724,308	\$1,544,746	\$1,525,207
Contributions as a percentage of covered-employee payroll	10.68%	9.82%	9.84%	13.54%

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

Notes: The District implemented GASB Statement 68 in 2015.

**HEATH CITY SCHOOL DISTRICT**

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<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$926,673	\$928,456	\$866,001	\$805,538	\$860,131	\$927,513
<u>926,673</u>	<u>928,456</u>	<u>866,001</u>	<u>805,538</u>	<u>860,131</u>	<u>927,513</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,128,254	\$7,141,969	\$6,661,546	\$6,196,446	\$6,143,793	\$6,625,093
13.00%	13.00%	13.00%	13.00%	14.00%	14.00%

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$222,510	\$248,002	\$267,033	\$211,612	\$232,024	\$273,158
<u>222,510</u>	<u>248,002</u>	<u>267,033</u>	<u>211,612</u>	<u>232,024</u>	<u>273,158</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,770,167	\$1,843,881	\$1,929,429	\$1,526,782	\$1,760,425	\$1,951,129
12.57%	13.45%	13.84%	13.86%	13.18%	14.00%



***HEATH CITY SCHOOL DISTRICT***

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***C*OMBINING AND ***I***NDIVIDUAL ***F***UND  
***S***TATEMENTS AND ***S***CHEDULES**

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

# ***HEATH CITY SCHOOL DISTRICT***

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## ***Nonmajor Governmental Funds***

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### ***Special Revenue Funds***

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

#### **Food Service Fund**

To record financial transactions associated with food service operations.

#### **Uniform School Supply Fund**

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

#### **Rotary Fund**

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

#### **Public School Support Fund**

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

#### **Other Grants Fund**

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

#### **District Managed Student Activity Fund**

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

#### **Auxiliary Services Fund**

To account for monies which provide services and materials to pupils attending non-public schools within the District. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

#### **Management Information System Fund**

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

(Continued)



## *HEATH CITY SCHOOL DISTRICT*

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### *Special Revenue Funds*

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#### **SchoolNet Professional Development Fund**

To account for professional development subsidy grants.

#### **Title VI-B Fund**

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

#### **Vocational Education Fund**

To account for grant monies to be used for the development of vocational education programs. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

#### **Title I Fund**

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

#### **Improving Teacher Quality Fund**

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

### *Capital Projects Funds*

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

#### **Permanent Improvement Fund**

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

#### **Building Fund**

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

## HEATH CITY SCHOOL DISTRICT

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 163,223	\$ 550,815	\$ 714,038
Receivables:			
Taxes	0	191,231	191,231
Intergovernmental	268,363	0	268,363
Inventory	8,115	0	8,115
Prepaid Items	0	9,085	9,085
<b>Total Assets</b>	<u>\$ 439,701</u>	<u>\$ 751,131</u>	<u>\$ 1,190,832</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 4,217	\$ 17,499	\$ 21,716
Accrued Wages and Benefits	73,507	0	73,507
Intergovernmental Payable	12,602	0	12,602
Interfund Loans Payable	164,046	0	164,046
<b>Total Liabilities</b>	<u>254,372</u>	<u>17,499</u>	<u>271,871</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	0	173,040	173,040
Unavailable Revenue	17,921	3,781	21,702
<b>Total Deferred Inflows of Resources</b>	<u>17,921</u>	<u>176,821</u>	<u>194,742</u>
<b>Fund Balances:</b>			
Nonspendable	8,115	9,085	17,200
Restricted	159,293	547,726	707,019
<b>Total Fund Balances</b>	<u>167,408</u>	<u>556,811</u>	<u>724,219</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 439,701</u>	<u>\$ 751,131</u>	<u>\$ 1,190,832</u>

## HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 0	\$ 196,290	\$ 196,290
Food Services	198,299	0	198,299
Investment Earnings	213	15,852	16,065
Extracurricular Activities	130,864	0	130,864
Intergovernmental - State	13,219	37,467	50,686
Intergovernmental - Federal	1,040,547	0	1,040,547
All Other Revenue	45,543	2,605	48,148
<b>Total Revenue</b>	1,428,685	252,214	1,680,899
<b>Expenditures:</b>			
Current:			
Instruction	458,644	178,938	637,582
Supporting Services:			
Pupils	169	0	169
Instructional Staff	29,400	0	29,400
Administration	129,292	20,374	149,666
Fiscal Services	0	3,203	3,203
Business	1,399	0	1,399
Operation of Non-Instructional Services:			
Community Services	4,416	0	4,416
Food Service Operations	602,352	0	602,352
Extracurricular Activities	140,642	0	140,642
Capital Outlay	0	150,138	150,138
<b>Total Expenditures</b>	1,366,314	352,653	1,718,967
Excess (Deficiency) of Revenues			
Over Expenditures	62,371	(100,439)	(38,068)
<b>Fund Balances at Beginning of Year</b>	104,002	657,250	761,252
Increase in Inventory	1,035	0	1,035
<b>Fund Balances End of Year</b>	\$ 167,408	\$ 556,811	\$ 724,219

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2016***

	Food Service	Other Grants	District Managed Student Activity	Management Information System
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 79,415	\$ 1,358	\$ 62,449	\$ 5,601
Receivables:				
Intergovernmental	0	0	0	0
Inventory	8,115	0	0	0
<b>Total Assets</b>	<b>\$ 87,530</b>	<b>\$ 1,358</b>	<b>\$ 62,449</b>	<b>\$ 5,601</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 15	\$ 0	\$ 4,202	\$ 0
Accrued Wages and Benefits	25,841	0	0	0
Intergovernmental Payable	11,911	0	0	0
Interfund Loans Payable	0	0	0	0
<b>Total Liabilities</b>	<b>37,767</b>	<b>0</b>	<b>4,202</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>				
Nonspendable	8,115	0	0	0
Restricted	41,648	1,358	58,247	5,601
<b>Total Fund Balances</b>	<b>49,763</b>	<b>1,358</b>	<b>58,247</b>	<b>5,601</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 87,530</b>	<b>\$ 1,358</b>	<b>\$ 62,449</b>	<b>\$ 5,601</b>

**HEATH CITY SCHOOL DISTRICT**

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SchoolNet Professional Development	Title VI-B	Title I	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 14,400	\$ 0	\$ 0	\$ 0	\$ 163,223
0	124,346	142,243	1,774	268,363
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,115</u>
<u>\$ 14,400</u>	<u>\$ 124,346</u>	<u>\$ 142,243</u>	<u>\$ 1,774</u>	<u>\$ 439,701</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,217
0	20,921	26,745	0	73,507
0	303	388	0	12,602
<u>0</u>	<u>78,238</u>	<u>85,508</u>	<u>300</u>	<u>164,046</u>
<u>0</u>	<u>99,462</u>	<u>112,641</u>	<u>300</u>	<u>254,372</u>
<u>0</u>	<u>17,921</u>	<u>0</u>	<u>0</u>	<u>17,921</u>
<u>0</u>	<u>17,921</u>	<u>0</u>	<u>0</u>	<u>17,921</u>
0	0	0	0	8,115
<u>14,400</u>	<u>6,963</u>	<u>29,602</u>	<u>1,474</u>	<u>159,293</u>
<u>14,400</u>	<u>6,963</u>	<u>29,602</u>	<u>1,474</u>	<u>167,408</u>
<u>\$ 14,400</u>	<u>\$ 124,346</u>	<u>\$ 142,243</u>	<u>\$ 1,774</u>	<u>\$ 439,701</u>

## HEATH CITY SCHOOL DISTRICT

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2016

	Food Service	Other Grants	District Managed Student Activity	Auxiliary Services
<b>Revenues:</b>				
Local Sources:				
Food Services	\$ 198,299	\$ 0	\$ 0	\$ 0
Investment Earnings	42	0	171	0
Extracurricular Activities	0	0	130,864	0
Intergovernmental - State	6,019	0	0	0
Intergovernmental - Federal	411,590	0	0	0
All Other Revenue	43,902	0	1,641	0
<b>Total Revenue</b>	<u>659,852</u>	<u>0</u>	<u>132,676</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Instruction	0	0	0	0
Supporting Services:				
Pupils	0	169	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Business	0	0	0	0
Operation of Non-Instructional Services:				
Community Services	0	0	0	4,416
Food Service Operations	602,352	0	0	0
Extracurricular Activities	0	0	140,642	0
<b>Total Expenditures</b>	<u>602,352</u>	<u>169</u>	<u>140,642</u>	<u>4,416</u>
Excess (Deficiency) of Revenues				
Over Expenditures	57,500	(169)	(7,966)	(4,416)
<b>Fund Balances at Beginning of Year</b>	(8,772)	1,527	66,213	4,416
Increase in Inventory	1,035	0	0	0
<b>Fund Balances End of Year</b>	<u>\$ 49,763</u>	<u>\$ 1,358</u>	<u>\$ 58,247</u>	<u>\$ 0</u>

## *HEATH CITY SCHOOL DISTRICT*

Management Information System	SchoolNet Professional Development	Title VI-B	Vocational Education	Title I	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 198,299
0	0	0	0	0	0	213
0	0	0	0	0	0	130,864
0	7,200	0	0	0	0	13,219
0	0	281,129	0	320,831	26,997	1,040,547
0	0	0	0	0	0	45,543
<u>0</u>	<u>7,200</u>	<u>281,129</u>	<u>0</u>	<u>320,831</u>	<u>26,997</u>	<u>1,428,685</u>
0	0	150,599	396	294,038	13,611	458,644
0	0	0	0	0	0	169
0	0	0	0	11,495	17,905	29,400
0	0	129,292	0	0	0	129,292
1,399	0	0	0	0	0	1,399
0	0	0	0	0	0	4,416
0	0	0	0	0	0	602,352
0	0	0	0	0	0	140,642
<u>1,399</u>	<u>0</u>	<u>279,891</u>	<u>396</u>	<u>305,533</u>	<u>31,516</u>	<u>1,366,314</u>
(1,399)	7,200	1,238	(396)	15,298	(4,519)	62,371
7,000	7,200	5,725	396	14,304	5,993	104,002
0	0	0	0	0	0	1,035
<u>\$ 5,601</u>	<u>\$ 14,400</u>	<u>\$ 6,963</u>	<u>\$ 0</u>	<u>\$ 29,602</u>	<u>\$ 1,474</u>	<u>\$ 167,408</u>

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2016***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 549,261	\$ 1,554	\$ 550,815
Receivables:			
Taxes	191,231	0	191,231
Prepaid Items	9,085	0	9,085
<b>Total Assets</b>	<b>\$ 749,577</b>	<b>\$ 1,554</b>	<b>\$ 751,131</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 17,499	\$ 0	\$ 17,499
<b>Total Liabilities</b>	<b>17,499</b>	<b>0</b>	<b>17,499</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	173,040	0	173,040
Unavailable Revenue	3,781	0	3,781
<b>Total Deferred Inflows of Resources</b>	<b>176,821</b>	<b>0</b>	<b>176,821</b>
<b>Fund Balances:</b>			
Nonspendable	9,085	0	9,085
Restricted	546,172	1,554	547,726
<b>Total Fund Balances</b>	<b>555,257</b>	<b>1,554</b>	<b>556,811</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 749,577</b>	<b>\$ 1,554</b>	<b>\$ 751,131</b>



## HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2016**

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 196,290	\$ 0	\$ 196,290
Investment Earnings	14,660	1,192	15,852
Intergovernmental - State	37,467	0	37,467
All Other Revenue	2,605	0	2,605
<b>Total Revenue</b>	<b>251,022</b>	<b>1,192</b>	<b>252,214</b>
<b>Expenditures:</b>			
Current:			
Instruction	178,938	0	178,938
Supporting Services:			
Administration	0	20,374	20,374
Fiscal Services	3,203	0	3,203
Capital Outlay	150,138	0	150,138
<b>Total Expenditures</b>	<b>332,279</b>	<b>20,374</b>	<b>352,653</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(81,257)	(19,182)	(100,439)
<b>Fund Balances at Beginning of Year</b>	<b>636,514</b>	<b>20,736</b>	<b>657,250</b>
<b>Fund Balances End of Year</b>	<b>\$ 555,257</b>	<b>\$ 1,554</b>	<b>\$ 556,811</b>

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Debt Service Fund – Bond Retirement Fund  
For the Fiscal Year Ended June 30, 2016***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 1,316,195	\$ 1,316,165	\$ (30)
Intergovernmental - State	175,550	190,031	14,481
Total Revenues	1,491,745	1,506,196	14,451
<b>Expenditures:</b>			
Current:			
Support Services:			
Fiscal Services:			
Other Expenditures	20,360	20,353	7
Debt Service:			
Principal Retirement	1,057,895	1,057,895	0
Interest and Fiscal Charges	603,555	435,793	167,762
Total Debt Service	1,661,450	1,493,688	167,762
Total Expenditures	1,681,810	1,514,041	167,769
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,065)	(7,845)	182,220
<b>Other Financing Sources (Uses):</b>			
Refunding General Obligation Bonds Issued	7,340,000	7,340,000	0
Premium on Refunding General Obligation Bonds	493,000	493,000	0
Payment to Refunded Bond Escrow Agent	(7,688,354)	(7,688,354)	0
Total Other Financing Sources (Uses)	144,646	144,646	0
Net Change in Fund Balance	(45,419)	136,801	182,220
Fund Balance at Beginning of Year	1,013,439	1,013,439	0
Fund Balance at End of Year	\$ 968,020	\$ 1,150,240	\$ 182,220

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

<b>FOOD SERVICE FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Food Services	\$ 190,000	\$ 198,299	\$ 8,299
Investment Earnings	25	42	17
Intergovernmental - State	6,500	6,019	(481)
Intergovernmental - Federal	378,800	378,797	(3)
All Other Revenues	<u>43,905</u>	<u>43,902</u>	<u>(3)</u>
Total Revenues	<u>619,230</u>	<u>627,059</u>	<u>7,829</u>
<b>Expenditures:</b>			
Non-Instructional Services:			
Food Service Operations	<u>602,079</u>	<u>592,604</u>	<u>9,475</u>
Total Expenditures	<u>602,079</u>	<u>592,604</u>	<u>9,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			
	17,151	34,455	17,304
<b>Total Other Financing Sources (Uses):</b>			
Transfers In	<u>50,000</u>	<u>0</u>	<u>(50,000)</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>0</u>	<u>(50,000)</u>
Net Change in Fund Balance	67,151	34,455	(32,696)
Fund Balance at Beginning of Year	<u>44,960</u>	<u>44,960</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 112,111</u>	<u>\$ 79,415</u>	<u>\$ (32,696)</u>

## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Class Materials and Fees	\$ 51,505	\$ 52,918	\$ 1,413
Total Revenues	<u>51,505</u>	<u>52,918</u>	<u>1,413</u>
<b>Expenditures:</b>			
Instructional Services	126,845	58,040	68,805
Total Expenditures	<u>126,845</u>	<u>58,040</u>	<u>68,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,340)	(5,122)	70,218
Fund Balance at Beginning of Year	86,572	86,572	0
Prior Year Encumbrances	<u>181</u>	<u>181</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,413</u>	<u>\$ 81,631</u>	<u>\$ 70,218</u>

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

<b>ROTARY FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 10	\$ 11	\$ 1
All Other Revenues	7,350	6,600	(750)
Total Revenues	7,360	6,611	(749)
<b>Expenditures:</b>			
Instructional Services	10,848	7,473	3,375
Support Services:			
Pupils	60	0	60
Fiscal Services	35	0	35
Total Expenditures	10,943	7,473	3,470
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,583)	(862)	2,721
Fund Balance at Beginning of Year	10,470	10,470	0
Fund Balance at End of Year	\$ 6,887	\$ 9,608	\$ 2,721

## HEATH CITY SCHOOL DISTRICT

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*Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016*

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<b>PUBLIC SCHOOL SUPPORT FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
All Other Revenues	\$ 139,300	\$ 156,914	\$ 17,614
Total Revenues	<u>139,300</u>	<u>156,914</u>	<u>17,614</u>
<b>Expenditures:</b>			
Support Services:			
Pupils	163,785	118,895	44,890
Instructional Staff	3,457	886	2,571
Central	<u>5,119</u>	<u>3,158</u>	<u>1,961</u>
Total Expenditures	<u>172,361</u>	<u>122,939</u>	<u>49,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,061)	33,975	67,036
Fund Balance at Beginning of Year	95,951	95,951	0
Prior Year Encumbrances	<u>1,229</u>	<u>1,229</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 64,119</u>	<u>\$ 131,155</u>	<u>\$ 67,036</u>

**HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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<b>OTHER GRANTS FUND</b>			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Support Services:			
Pupils	208	169	39
Total Expenditures	208	169	39
Excess (Deficiency) of Revenues Over (Under) Expenditures	(208)	(169)	39
Fund Balance at Beginning of Year	1,527	1,527	0
Fund Balance at End of Year	\$ 1,319	\$ 1,358	\$ 39

## HEATH CITY SCHOOL DISTRICT

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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### DISTRICT MANAGED STUDENT ACTIVITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 170	\$ 171	\$ 1
Extracurricular Activities	132,160	130,864	(1,296)
All Other Revenues	2,850	1,641	(1,209)
Total Revenues	135,180	132,676	(2,504)
<b>Expenditures:</b>			
Extracurricular Activities	191,698	163,566	28,132
Total Expenditures	191,698	163,566	28,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,518)	(30,890)	25,628
Fund Balance at Beginning of Year	53,113	53,113	0
Prior Year Encumbrances	29,448	29,448	0
Fund Balance at End of Year	\$ 26,043	\$ 51,671	\$ 25,628



## HEATH CITY SCHOOL DISTRICT

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*Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016*

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<b>AUXILIARY SERVICES FUND</b>			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Non-Instructional Services:			
Community Services	4,416	4,416	0
Total Expenditures	4,416	4,416	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,416)	(4,416)	0
Fund Balance at Beginning of Year	4,416	4,416	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

## HEATH CITY SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016*

### MANAGEMENT INFORMATION SYSTEM FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 7,000	\$ 0	\$ (7,000)
Total Revenues	7,000	0	(7,000)
<b>Expenditures:</b>			
Support Services:			
Business	1,399	1,399	0
Total Expenditures	1,399	1,399	0
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	5,601	(1,399)	(7,000)
Fund Balance at Beginning of Year	7,000	7,000	0
Fund Balance at End of Year	\$ 12,601	\$ 5,601	\$ (7,000)

**HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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**SCHOOLNET PROFESSIONAL DEVELOPMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	<u>7,200</u>	<u>7,200</u>	<u>0</u>
<b>Expenditures:</b>			
Support Services:			
Central	<u>10,800</u>	<u>0</u>	<u>10,800</u>
Total Expenditures	<u>10,800</u>	<u>0</u>	<u>10,800</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(3,600)	7,200	10,800
Fund Balance at Beginning of Year	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,600</u>	<u>\$ 14,400</u>	<u>\$ 10,800</u>

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

<b>TITLE VI-B FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 316,321	\$ 192,025	\$ (124,296)
Total Revenues	316,321	192,025	(124,296)
<b>Expenditures:</b>			
Instructional Services	183,148	149,865	33,283
Support Services:			
Instructional Staff	2,341	2,341	0
Administration	141,745	128,920	12,825
Total Expenditures	327,234	281,126	46,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,913)	(89,101)	(78,188)
<b>Other Financing Sources (Uses):</b>			
Advances In	78,238	78,238	0
Total Other Financing Sources (Uses)	78,238	78,238	0
Net Change in Fund Balance	67,325	(10,863)	(78,188)
Fund Balance at Beginning of Year	10,863	10,863	0
Fund Balance at End of Year	\$ 78,188	\$ 0	\$ (78,188)

## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

<b>TITLE I FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 338,477	\$ 206,065	\$ (132,412)
Total Revenues	338,477	206,065	(132,412)
<b>Expenditures:</b>			
Instructional Services	334,989	298,253	36,736
Support Services:			
Instructional Staff	21,494	11,495	9,999
Central	10,000	0	10,000
Total Expenditures	366,483	309,748	56,735
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,006)	(103,683)	(75,677)
<b>Other Financing Sources (Uses):</b>			
Advances In	85,508	85,508	0
Total Other Financing Sources (Uses):	85,508	85,508	0
Net Change in Fund Balance	57,502	(18,175)	(75,677)
Fund Balance at Beginning of Year	18,175	18,175	0
Fund Balance at End of Year	\$ 75,677	\$ 0	\$ (75,677)

## HEATH CITY SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016*

### IMPROVING TEACHER QUALITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 31,962	\$ 31,185	\$ (777)
Total Revenues	31,962	31,185	(777)
<b>Expenditures:</b>			
Instructional Services	15,020	13,611	1,409
Support Services:			
Instructional Staff	18,471	18,405	66
Total Expenditures	33,491	32,016	1,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,529)	(831)	698
<b>Other Financing Sources (Uses):</b>			
Advances In	300	300	0
Total Other Financing Sources (Uses)	300	300	0
Net Change in Fund Balance	(1,229)	(531)	698
Fund Balance at Beginning of Year	31	31	0
Prior Year Encumbrances	500	500	0
Fund Balance at End of Year	\$ (698)	\$ 0	\$ 698

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2016***

<b>PERMANENT IMPROVEMENT FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 191,370	\$ 191,360	\$ (10)
Investment Earnings	10,745	14,660	3,915
Intergovernmental - State	32,700	37,467	4,767
All Other Revenues	50	2,605	2,555
Total Revenues	234,865	246,092	11,227
<b>Expenditures:</b>			
Instructional Services	207,496	154,269	53,227
Support Services:			
Fiscal Services	3,210	3,203	7
Capital Outlay	350,000	157,125	192,875
Total Expenditures	560,706	314,597	246,109
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,841)	(68,505)	257,336
Fund Balance at Beginning of Year	548,116	548,116	0
Prior Year Encumbrances	43,370	43,370	0
Fund Balance at End of Year	\$ 265,645	\$ 522,981	\$ 257,336



## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2016***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 1,085	\$ 1,192	\$ 107
Total Revenues	<u>1,085</u>	<u>1,192</u>	<u>107</u>
<b>Expenditures:</b>			
Supporting Services:			
Operation and Maintenance of Plant Services	<u>20,804</u>	<u>20,374</u>	<u>430</u>
Total Expenditures	<u>20,804</u>	<u>20,374</u>	<u>430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,719)	(19,182)	537
Fund Balance at Beginning of Year	<u>20,736</u>	<u>20,736</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,017</u>	<u>\$ 1,554</u>	<u>\$ 537</u>

## ***HEATH CITY SCHOOL DISTRICT***

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### ***Fiduciary Fund***

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

### ***Agency Fund***

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#### **Student Managed Activity Fund**

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

#### **Ohio High School Athletic Association (OHSAA) Tournament Fund**

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

## HEATH CITY SCHOOL DISTRICT

***Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2016***

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b><u>Student Managed Activity Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$38,254	\$83,630	(\$82,029)	\$39,855
Total Assets	<u>\$38,254</u>	<u>\$83,630</u>	<u>(\$82,029)</u>	<u>\$39,855</u>
Liabilities:				
Due to Students	\$38,254	\$83,630	(\$82,029)	\$39,855
Total Liabilities	<u>\$38,254</u>	<u>\$83,630</u>	<u>(\$82,029)</u>	<u>\$39,855</u>
<b><u>OHSAA Tournament Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$19,634	\$18,124	\$0	\$37,758
Total Assets	<u>\$19,634</u>	<u>\$18,124</u>	<u>\$0</u>	<u>\$37,758</u>
Liabilities:				
Due to Others	\$19,634	\$18,124	\$0	\$37,758
Total Liabilities	<u>\$19,634</u>	<u>\$18,124</u>	<u>\$0</u>	<u>\$37,758</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$57,888	\$101,754	(\$82,029)	\$77,613
Total Assets	<u>\$57,888</u>	<u>\$101,754</u>	<u>(\$82,029)</u>	<u>\$77,613</u>
Liabilities:				
Due to Others	\$19,634	\$18,124	\$0	\$37,758
Due to Students	38,254	83,630	(82,029)	39,855
Total Liabilities	<u>\$57,888</u>	<u>\$101,754</u>	<u>(\$82,029)</u>	<u>\$77,613</u>



## *STATISTICAL SECTION*

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# HEATH CITY SCHOOL DISTRICT

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## STATISTICAL TABLES

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

### Contents

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

**Sources Note:**

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

## *Heath City School District*

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

	2007	2008	2009	2010
<b>Governmental Activities:</b>			*	
Net Investment in Capital Assets	\$2,893,470	\$2,834,908	\$2,811,504	\$2,693,125
Restricted for:				
Capital Projects	728,676	887,090	800,073	829,813
Debt Service	554,425	720,704	855,590	1,072,423
Statutory Purposes	0	0	0	0
Federal and State Grant Programs	0	0	0	0
Other Purposes	518,892	759,384	1,006,293	815,061
Unrestricted	(495,432)	(160,090)	(206,364)	(246,538)
Total Governmental Activities Net Position	<u>\$4,200,031</u>	<u>\$5,041,996</u>	<u>\$5,267,096</u>	<u>\$5,163,884</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$2,893,470	\$2,834,908	\$2,811,504	\$2,693,125
Restricted	1,801,993	2,367,178	2,661,956	2,717,297
Unrestricted	(495,432)	(160,090)	(206,364)	(246,538)
Total Primary Government Net Position	<u>\$4,200,031</u>	<u>\$5,041,996</u>	<u>\$5,267,096</u>	<u>\$5,163,884</u>

\* Restated

Source: District Treasurer's Office



*Heath City School District*

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2011	2012	2013	2014	2015	2016
			*		
\$2,630,860	\$2,239,306	\$1,569,237	\$1,007,118	\$668,117	\$1,387,709
719,231	738,118	692,224	653,740	661,314	560,592
1,054,061	1,128,253	1,042,315	1,038,847	1,063,596	1,237,784
0	140,760	61,909	108,722	81,520	81,982
0	36,153	33,557	54,850	46,561	77,319
1,235,344	0	0	0	0	0
(1,193,673)	(1,279,996)	(2,343,361)	(20,546,771)	(18,183,979)	(17,112,694)
<u>\$4,445,823</u>	<u>\$3,002,594</u>	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>
\$2,630,860	\$2,239,306	\$1,569,237	\$1,007,118	\$668,117	\$1,387,709
3,008,636	2,043,284	1,830,005	1,856,159	1,852,991	1,957,677
(1,193,673)	(1,279,996)	(2,343,361)	(20,546,771)	(18,183,979)	(17,112,694)
<u>\$4,445,823</u>	<u>\$3,002,594</u>	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>

## *Heath City School District*

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

	2007	2008	2009
<b>Expenses</b>			
Governmental Activities:			
Instruction	\$8,926,735	\$9,085,543	\$9,646,810
Support Services:			
Pupils	799,648	810,305	865,694
Instructional Staff	414,699	378,349	350,010
Board of Education	9,322	10,855	12,061
Administration	1,267,292	1,254,840	1,333,496
Fiscal Services	529,640	487,384	514,732
Business	32,881	44,304	41,636
Operation and Maintenance of Plant	1,398,886	1,353,411	1,317,583
Pupil Transportation	575,485	631,807	589,078
Central	237,093	250,355	243,900
Operation of Non-Instructional Services			
Community Services	6,483	5,951	5,125
Food Service Operations	550,878	560,347	592,736
Shared Services	0	0	0
Other	0	0	0
Extracurricular Activities	598,363	616,595	728,693
Interest and Fiscal Charges	939,196	941,017	963,173
<i>Total Primary Government Expenses</i>	<u><u>\$16,286,601</u></u>	<u><u>\$16,431,063</u></u>	<u><u>\$17,204,727</u></u>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services			
Instruction	\$217,244	\$173,950	\$186,639
Support Services:			
Pupils	36,026	1,907	3,856
Operation of Non-Instructional Services			
Food Service Operations	291,284	292,224	298,338
Extracurricular Activities	97,200	105,913	104,348
Operating Grants and Contributions	849,020	975,399	922,259
Capital Grants and Contributions	0	5,416	12,068
<i>Total Governmental Activities</i>			
<i>Program Revenues</i>	<u><u>1,490,774</u></u>	<u><u>1,554,809</u></u>	<u><u>1,527,508</u></u>

*Heath City School District*

2010	2011	2012	2013	2014	2015	2016
\$10,537,518	\$10,300,203	\$9,989,037	\$10,304,880	\$10,096,148	\$10,513,018	\$11,220,535
1,030,058	935,407	805,150	632,193	621,994	583,590	640,770
374,083	384,329	344,754	318,009	264,908	324,069	325,261
11,787	16,901	20,516	79,588	80,043	49,101	248,574
1,450,432	1,452,788	1,618,593	1,468,112	1,518,459	1,523,311	1,748,840
504,185	499,038	492,224	506,287	528,591	578,977	466,731
34,831	34,834	17,713	29,284	14,330	20,438	28,922
1,236,884	1,230,337	1,306,882	1,351,000	1,330,607	1,507,678	1,909,197
631,971	642,930	638,839	654,334	637,015	592,204	643,460
291,401	319,121	280,810	275,932	308,948	451,684	347,036
10,722	6,758	6,117	1,776	4,410	1,994	4,416
629,322	597,437	616,504	616,807	567,567	596,853	653,795
0	0	0	0	17,994	54,691	0
0	0	1,900	0	0	0	0
713,070	688,364	574,354	601,322	593,994	618,078	616,176
985,299	1,012,984	1,024,811	1,117,528	891,757	657,894	544,983
<u>\$18,441,563</u>	<u>\$18,121,431</u>	<u>\$17,738,204</u>	<u>\$17,957,052</u>	<u>\$17,476,765</u>	<u>\$18,073,580</u>	<u>\$19,398,696</u>
\$158,698	\$161,632	\$137,166	\$156,220	\$600,894	\$948,735	\$1,037,209
59,040	47,311	45,392	41,000	43,788	60,609	55,620
256,785	243,667	241,808	220,566	186,257	152,316	198,299
109,350	115,755	87,820	102,999	134,064	124,900	130,864
1,564,636	1,688,192	838,086	895,828	1,026,547	1,087,236	1,123,022
0	0	0	0	0	0	0
<u>2,148,509</u>	<u>2,256,557</u>	<u>1,350,272</u>	<u>1,416,613</u>	<u>1,991,550</u>	<u>2,373,796</u>	<u>2,545,014</u>

(Continued)

## Heath City School District

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

	2007	2008	2009
<b>Net (Expense)/Revenue</b>			*
Governmental Activities	(14,795,827)	(14,876,254)	(15,677,219)
<i>Total Primary Government</i>			
<i>Net (Expense)/Revenue</i>	<u>(\$14,795,827)</u>	<u>(\$14,876,254)</u>	<u>(\$15,677,219)</u>
 <b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$7,012,225	\$7,716,065	\$7,530,679
Debt Service	1,435,903	1,351,190	1,234,411
Capital Outlay	128,674	212,373	198,766
Grants and Entitlements not			
Restricted to Specific Programs	5,410,791	5,871,413	6,331,894
Investment Earnings	223,690	189,225	84,071
Miscellaneous	355,100	377,953	522,498
<i>Total Primary Government</i>	<u>\$14,566,383</u>	<u>\$15,718,219</u>	<u>\$15,902,319</u>
 <b>Change in Net Position</b>			
Governmental Activities	(229,444)	841,965	225,100
<i>Total Primary Government</i>			
<i>Change in Net Position</i>	<u>(\$229,444)</u>	<u>\$841,965</u>	<u>\$225,100</u>

\* Restated

Source: District Treasurer's Office

*Heath City School District*

2010	2011	2012	2013	2014	2015	2016
<u>(16,293,054)</u>	<u>(15,864,874)</u>	<u>(16,387,932)</u>	<u>(16,540,439)</u>	<u>(15,485,215)</u>	<u>(15,699,784)</u>	<u>(16,853,682)</u>
<u>(\$16,293,054)</u>	<u>(\$15,864,874)</u>	<u>(\$16,387,932)</u>	<u>(\$16,540,439)</u>	<u>(\$15,485,215)</u>	<u>(\$15,699,784)</u>	<u>(\$16,853,682)</u>
\$7,924,272	\$6,934,888	\$6,981,958	\$6,623,175	\$7,854,925	\$8,621,606	\$9,279,815
1,332,583	1,090,509	1,161,817	1,095,634	1,171,836	1,290,787	1,343,433
207,989	196,460	172,436	177,920	186,087	187,583	196,007
6,198,597	6,391,572	6,098,286	6,145,307	6,383,632	7,086,554	7,371,309
19,132	11,449	9,489	7,825	6,886	10,716	29,265
507,269	521,935	520,717	543,865	543,418	523,161	529,416
<u>\$16,189,842</u>	<u>\$15,146,813</u>	<u>\$14,944,703</u>	<u>\$14,593,726</u>	<u>\$16,146,784</u>	<u>\$17,720,407</u>	<u>\$18,749,245</u>
<u>(103,212)</u>	<u>(718,061)</u>	<u>(1,443,229)</u>	<u>(1,946,713)</u>	<u>661,569</u>	<u>2,020,623</u>	<u>1,895,563</u>
<u>(\$103,212)</u>	<u>(\$718,061)</u>	<u>(\$1,443,229)</u>	<u>(\$1,946,713)</u>	<u>\$661,569</u>	<u>\$2,020,623</u>	<u>\$1,895,563</u>

**Heath City School District**

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

	2007	2008	2009	2010
General Fund			*	
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	1,137,953	1,237,003	1,561,877	2,270,930
Unreserved	25,821	600,692	936,787	79,028
<i>Total General Fund</i>	<u>1,163,774</u>	<u>1,837,695</u>	<u>2,498,664</u>	<u>2,349,958</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	741,159	841,806	961,056	1,342,239
Unreserved, Undesignated in:				
Special Revenue Funds	261,747	304,652	272,882	455,673
Capital Projects Funds	599,020	802,480	733,249	582,640
<i>Total All Other Governmental Funds</i>	<u>1,601,926</u>	<u>1,948,938</u>	<u>1,967,187</u>	<u>2,380,552</u>
<i>Total Governmental Funds</i>	<u><u>\$2,765,700</u></u>	<u><u>\$3,786,633</u></u>	<u><u>\$4,465,851</u></u>	<u><u>\$4,730,510</u></u>

\* Restated

Source: District Treasurer's Office

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

*Heath City School District*

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2011	2012	2013	2014	2015	2016
\$183,217	\$171,764	\$58,886	\$2,463	\$2,075	\$27,763
1,071,779	86,144	5,881	36,428	15,307	0
240,210	143,303	124,352	717,659	187,650	261,619
1,177,178	1,167,714	0	533,211	2,810,841	4,221,923
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,672,384</u>	<u>1,568,925</u>	<u>189,119</u>	<u>1,289,761</u>	<u>3,015,873</u>	<u>4,511,305</u>
30,011	27,854	18,872	63,584	42,889	17,200
1,833,419	1,893,664	1,811,895	1,779,099	1,809,505	1,949,189
0	(21,255)	(44,961)	(27,959)	(15,973)	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,863,430</u>	<u>1,900,263</u>	<u>1,785,806</u>	<u>1,814,724</u>	<u>1,836,421</u>	<u>1,966,389</u>
<u>\$4,535,814</u>	<u>\$3,469,188</u>	<u>\$1,974,925</u>	<u>\$3,104,485</u>	<u>\$4,852,294</u>	<u>\$6,477,694</u>

## *Heath City School District*

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

	2007	2008	2009	2010
<b>Revenues:</b>			*	
Local Sources:				
Taxes	\$8,973,456	\$9,177,281	\$8,961,555	\$9,331,887
Tuition	132,640	97,851	93,116	81,380
Food Service	291,284	292,224	298,338	256,785
Investment Earnings	224,641	191,210	83,550	22,538
Extracurricular Activities	97,200	105,913	104,348	109,350
Class Materials and Fees	80,984	75,699	85,847	75,966
Intergovernmental - State	5,435,638	5,935,027	6,384,719	6,271,018
Intergovernmental - Federal	804,350	905,022	882,747	1,409,484
All Other Revenue	414,494	383,685	528,422	567,612
<b>Total Revenue</b>	<b>16,454,687</b>	<b>17,163,912</b>	<b>17,422,642</b>	<b>18,126,020</b>
<b>Expenditures:</b>				
Current:				
Instruction	8,450,515	8,670,531	9,099,786	9,973,182
Supporting Services:				
Pupils	780,296	790,332	843,298	982,329
Instructional Staff	392,514	362,294	325,836	350,625
Board of Education	9,322	10,855	12,061	11,787
Administration	1,233,636	1,211,911	1,273,230	1,396,787
Fiscal Services	524,494	482,568	504,825	496,682
Business	32,881	44,304	41,636	34,831
Operation and Maintenance of Plant	1,371,895	1,261,633	1,259,472	1,168,957
Pupil Transportation	526,559	581,873	513,898	556,111
Central	220,129	238,584	232,781	279,319
Operation of Non-Instructional Services				
Community Services	6,483	5,951	5,125	10,722
Food Service Operations	503,554	533,326	553,902	594,848
Shared Services	0	0	0	0
Other	0	0	0	0
Extracurricular Activities	429,705	449,089	591,722	543,862
Capital Outlay	293,999	88,201	354,520	91,484
Debt Service:				
Principal Retirement	955,293	809,080	791,884	820,875
Interest and Fiscal Charges	655,854	612,393	587,690	554,109
<b>Total Expenditures</b>	<b>16,387,129</b>	<b>16,152,925</b>	<b>16,991,666</b>	<b>17,866,510</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,558	1,010,987	430,976	259,510



*Heath City School District*

2011	2012	2013	2014	2015	2016
\$8,188,824	\$8,381,872	\$8,082,155	\$9,250,713	\$10,115,662	\$10,830,906
86,905	66,003	78,449	535,675	890,288	979,931
243,667	241,808	220,566	186,257	152,316	198,299
11,841	9,590	7,807	6,416	9,938	28,683
115,755	87,820	102,999	134,064	124,900	130,864
72,703	64,454	76,887	64,719	57,449	56,246
6,375,408	6,115,330	6,048,971	6,647,676	7,194,372	7,435,863
1,736,676	836,314	920,119	879,254	982,893	1,040,547
571,270	572,818	585,749	583,706	584,368	585,668
<u>17,403,049</u>	<u>16,376,009</u>	<u>16,123,702</u>	<u>18,288,480</u>	<u>20,112,186</u>	<u>21,287,007</u>
9,795,976	9,631,529	9,887,089	9,671,600	10,227,343	10,839,935
927,881	809,099	609,970	597,979	610,112	625,555
362,563	324,278	301,093	243,751	317,931	305,817
16,901	20,516	79,588	80,043	49,101	248,574
1,384,316	1,638,441	1,506,325	1,459,945	1,507,152	1,726,393
492,914	487,692	502,551	536,825	573,425	514,527
34,834	17,713	29,284	14,330	20,438	28,922
1,189,989	1,222,560	1,208,877	1,253,864	1,423,453	1,677,527
571,969	585,119	613,996	584,559	544,902	607,345
311,756	278,397	274,241	308,225	448,230	344,887
6,758	6,117	1,776	4,410	1,994	4,416
560,267	583,818	583,763	531,695	553,134	603,909
0	0	0	17,994	54,691	0
0	1,900	0	0	0	0
520,440	421,200	452,268	426,676	463,049	460,474
88,968	49,870	174,798	274,419	68,586	308,295
818,702	866,702	983,849	923,699	1,022,773	1,073,448
514,971	491,780	485,280	484,775	465,915	437,664
<u>17,599,205</u>	<u>17,436,731</u>	<u>17,694,748</u>	<u>17,414,789</u>	<u>18,352,229</u>	<u>19,807,688</u>
(196,156)	(1,060,722)	(1,571,046)	873,691	1,759,957	1,479,319

(Continued)

## *Heath City School District*

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

	2007	2008	2009	2010
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	75	75	0	49
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on General				
Obligation Refunding Bond	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Other Financing Sources - Capital Leases	0	0	248,060	0
Transfers In	15,000	20,000	20,000	20,000
Transfers Out	(15,000)	(20,000)	(20,000)	(20,000)
<b>Total Other Financing Sources (Uses)</b>	<u>75</u>	<u>75</u>	<u>248,060</u>	<u>49</u>
<b>Net Change in Fund Balance</b>	<u>\$67,633</u>	<u>\$1,011,062</u>	<u>\$679,036</u>	<u>\$259,559</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	10.02%	8.84%	8.31%	7.71%

\* Restated

Source: District Treasurer's Office

*Heath City School District*

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2011	2012	2013	2014	2015	2016
0	0	0	4,000	400	400
0	0	0	0	0	7,340,000
0	0	0	0	0	493,000
0	0	0	0	0	(7,688,354)
0	0	74,450	250,956	0	0
0	0	0	50,000	85,000	0
0	0	0	(50,000)	(85,000)	0
0	0	74,450	254,956	400	145,046
(\$196,156)	(\$1,060,722)	(\$1,496,596)	\$1,128,647	\$1,760,357	\$1,624,365

7.61%	7.81%	8.36%	8.21%	8.13%	7.70%
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## *Heath City School District*

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

<b>Tax year</b>	2006	2007	2008 **	2009
<b>Real Property</b>				
Assessed	\$236,780,990	\$243,057,770	\$244,538,400	\$243,252,830
Actual	676,517,114	694,450,771	698,681,143	695,008,086
<b>Public Utility</b>				
Assessed	6,463,400	5,352,300	5,906,570	5,787,400
Actual	6,463,400	5,352,300	5,906,570	5,787,400
<b>Tangible Personal Property</b>				
Assessed	23,227,380	23,843,800	510,015	536,600
Actual	123,879,360	190,750,400	8,160,240	5,366,000
<b>Total</b>				
Assessed	266,471,770	272,253,870	250,954,985	249,576,830
Actual	806,859,874	890,553,471	712,747,953	706,161,486
<b>Assessed Value as a Percentage of Actual Value</b>	33.03%	30.57%	35.21%	35.34%
<b>Total Direct Tax Rate</b>	\$49.06	\$54.60	\$55.08	\$55.70

Source: Licking County Auditor

\* Reappraisal

\*\* Update

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

Assessed value of Real Property is at 35%, Assessed value of Public Utility is at 100% and Assessed Value of Tangible Personal Property is at 18.75% for 2006, 12.5% for 2007, and 6.25% for 2008 and 0% thereafter.

Additionally, telephone and telecommunications property was reclassified to general business personal property and assessed at 10% as of 2009 and 0% thereafter.

*Heath City School District*

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2010	2011 *	2012	2013	2014 **	2015 **
\$243,524,570	\$246,409,720	\$248,432,630	\$248,446,390	\$246,138,835	\$234,500,020
695,784,486	704,027,771	709,807,514	709,846,829	703,253,814	670,000,057
6,265,120	6,342,490	6,675,260	7,976,040	8,025,020	9,434,090
6,265,120	6,342,490	6,675,260	7,976,040	8,025,020	9,434,090
0	0	0	0	0	0
0	0	0	0	0	0
249,789,690	252,752,210	255,107,890	256,422,430	254,163,855	243,934,110
702,049,606	710,370,261	716,482,774	717,822,869	711,278,834	679,434,147
35.58%	35.58%	35.61%	35.72%	35.73%	35.90%
\$55.62	\$55.70	\$53.85	\$61.75	\$63.10	\$64.30

## *Heath City School District*

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Direct District Rates</b>				
General Fund	42.76	48.40	48.81	49.30
Bond Retirement Fund	5.10	5.00	5.07	5.20
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>49.06</u>	<u>54.60</u>	<u>55.08</u>	<u>55.70</u>
<b>Overlapping Rates</b>				
City of Heath	5.40	5.40	5.40	5.40
Career and Technical Education Center	3.00	3.00	2.50	2.50
Licking County	7.40	7.40	7.10	7.40
Licking County Library	0.00	0.00	0.00	0.00
Licking County Park District	0.00	0.00	0.00	0.00

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

**Source:**

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

*Heath City School District*

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<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
49.31	49.30	47.60	55.50	56.60	57.80
5.11	5.20	5.05	5.05	5.30	1.20
1.20	1.20	1.20	1.20	1.20	5.30
<u>55.62</u>	<u>55.70</u>	<u>53.85</u>	<u>61.75</u>	<u>63.10</u>	<u>64.30</u>
5.40	5.40	5.65	5.40	5.40	6.40
2.52	2.54	2.48	2.56	2.54	2.58
7.70	7.70	7.70	7.70	8.00	8.00
1.00	1.00	1.00	1.00	1.00	1.00
0.00	0.00	0.00	0.25	0.25	0.25





## *Heath City School District*

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

		Calendar Year 2015		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$8,967,740	1	3.68%
Ohio Power Company	Utility Company - Electric	6,817,610	2	2.79%
Southgate Association Limited Partnership	Shopping Center	5,483,800	3	2.25%
Cross Creek Limited Partnership	Shopping Center	2,915,120	4	1.20%
Wal*Mart Stores, Inc.	Retail Store	2,912,710	5	1.19%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,640,190	6	1.08%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,595,150	7	1.06%
H&D Holding Company	Development	2,332,260	8	0.96%
Quest Heathwood Village LLC	Apartments	2,233,920	9	0.92%
Inland Western Heath Southgate LLC	Shopping Center	2,169,410	10	0.89%
Subtotal		<u>39,067,910</u>		<u>16.02%</u>
All Others		<u>204,866,200</u>		<u>83.98%</u>
Total		<u><u>\$243,934,110</u></u>		<u><u>100.00%</u></u>

		Calendar Year 2006		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$14,329,140	1	5.89%
Southgate Association Limited Partnership	Shopping Center	4,234,690	2	1.74%
Inland Western Heath Southgate LLC	Retail	4,167,100	3	1.71%
Ohio Power Company	Utility Company - Electric	3,753,530	4	1.54%
Cross Creek Limited Partnership	Shopping Center	2,761,990	5	1.14%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,643,730	6	1.09%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,520,670	7	1.04%
Lowe's	Retail	2,436,420	8	1.00%
Wal*Mart Stores, Inc.	Retail Store	2,094,020	9	0.86%
H & D Holding Company	Nursing and Convalescent Home	2,024,050	10	0.83%
Subtotal		<u>40,965,340</u>		<u>16.84%</u>
All Others		<u>202,279,050</u>		<u>83.16%</u>
Total		<u><u>\$243,244,390</u></u>		<u><u>100.00%</u></u>

Source: Licking County Auditor - Land and Buildings  
Based on valuation of property in 2015 and 2006

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

## *Heath City School District*

### *Property Tax Levies and Collections Last Ten Years*

<b>Collection Year</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Total Tax Levy</b>	\$10,091,936	\$9,201,990	\$9,772,281
<b>Collections within the Fiscal Year of the Levy</b>			
Current Tax Collections	9,008,503	8,585,291	9,568,886
Percent of Levy Collected	89.26%	93.30%	97.92%
Delinquent Tax Collections (1)	<u>658,186</u>	<u>204,378</u>	<u>127,549</u>
Total Tax Collections	9,666,689	8,789,669	9,696,435
<b>Percent of Total Tax Collections To Tax Levy</b>	95.79%	95.52%	99.22%
<b>Accumulated Outstanding Delinquent Taxes</b>	425,247	412,320	468,915
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	4.21%	4.48%	4.80%

Source: Licking County Auditor's Office

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

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

*Heath City School District*

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2009	2010	2011	2012	2013	2014	2015
\$9,252,238	\$9,420,730	\$9,476,237	\$9,495,631	\$9,003,974	\$10,960,686	\$11,119,757
8,929,050	8,385,220	9,196,764	9,149,588	8,709,214	10,649,259	10,812,156
96.51%	89.01%	97.05%	96.36%	96.73%	97.16%	97.23%
204,670	336,522	336,523	96,940	3,969	167,209	161,863
9,133,720	8,721,742	9,533,287	9,246,528	8,713,183	10,816,468	10,974,019
98.72%	92.58%	100.60%	97.38%	96.77%	98.68%	98.69%
644,070	698,988	214,485	232,431	183,748	190,554	125,628
6.96%	7.42%	2.26%	2.45%	2.04%	1.74%	1.13%

## *Heath City School District*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	2007	2008	2009	2010
<b>Governmental Activities (1)</b>				
Long-Term Notes Payable	\$102,000	\$69,000	\$35,000	\$0
General Obligation Bonds Payable	16,448,748	16,041,800	15,721,702	15,402,557
Capital Leases	91,314	40,234	215,410	169,535
Total Primary Government	<u>\$16,642,062</u>	<u>\$16,151,034</u>	<u>\$15,972,112</u>	<u>\$15,572,092</u>
<b>Population (2)</b>				
City of Heath	8,527	8,527	8,544	8,507
Outstanding Debt Per Capita	1,952	1,894	1,869	1,831
<b>Income (3)</b>				
Personal (in thousands)	274,237	289,253	295,460	291,348
Percentage of Personal Income	6.07%	5.58%	5.41%	5.34%

\* Restated for Deferred Charge on Refunding

**Sources:**

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

*Heath City School District*

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2011	2012	2013	2014	2015	2016
	*				
\$0	\$0	\$0	\$0	\$0	\$0
15,120,402	15,061,386	14,522,171	13,902,047	13,170,033	12,140,782
120,833	69,131	64,732	301,989	204,216	105,768
<u>\$15,241,235</u>	<u>\$15,130,517</u>	<u>\$14,586,903</u>	<u>\$14,204,036</u>	<u>\$13,374,249</u>	<u>\$12,246,550</u>
10,310	10,310	10,310	10,310	10,310	10,310
1,478	1,468	1,415	1,378	1,297	1,188
358,520	386,532	388,470	396,822	410,699	410,699
4.25%	3.91%	3.75%	3.58%	3.26%	2.98%

## *Heath City School District*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	2007	2008	2009	2010
<b>Population</b> (1)	8,527	8,527	8,544	8,507
<b>Assessed Value</b> (2)	266,471,770	272,253,870	250,954,985	249,576,830
<b>General Bonded Debt</b> (3)				
General Obligation Bonds	16,448,748	16,041,800	15,721,702	15,402,557
<b>Resources Available to Pay Principal</b> (4)	513,213	664,539	797,551	880,415
<b>Net General Bonded Debt</b>	15,935,535	15,377,261	14,924,151	14,522,142
<b>Ratio of Net Bonded Debt to Assessed Value</b>	5.98%	5.65%	5.95%	5.82%
<b>Net Bonded Debt per Capita</b>	1,868.83	1,803.36	1,746.74	1,707.08

**Source:**

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

(2) Licking County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

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

*Heath City School District*

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2011	2012	2013	2014	2015	2016
10,310	10,310	10,310	10,310	10,310	10,310
249,789,690	252,752,210	255,107,890	256,422,430	254,163,855	243,934,110
15,120,402	15,061,386	14,522,171	13,902,047	13,170,033	12,140,782
1,031,216	1,103,745	1,042,575	1,049,893	1,075,169	1,242,170
14,089,186	13,957,641	13,479,596	12,852,154	12,094,864	10,898,612
5.64%	5.52%	5.28%	5.01%	4.76%	4.47%
1,366.56	1,353.80	1,307.43	1,246.57	1,173.12	1,057.09





## *Heath City School District*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2016*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Heath City School District</u>	<u>Amount Applicable to Heath City School District</u>
<b>Direct:</b>			
Heath City School District	\$12,246,550	100.00%	\$12,246,550
<b>Overlapping:</b>			
City of Heath	4,465,000	93.27%	4,164,506
Career and Technical Education Center	3,760,000	6.04%	227,104
Licking County	26,970,626	6.25%	<u>1,685,664</u>
		Subtotal	<u>6,077,274</u>
		Total	<u><u>\$18,323,824</u></u>

**Source:** Licking County and Fiscal Officers of Subdivision

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

## *Heath City School District*

### *Debt Limitations Last Ten Years*

	2007	2008	2009	2010
Net Assessed Valuation	\$266,471,770	\$272,253,870	\$250,954,985	\$249,576,830
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	23,982,459	24,502,848	22,585,949	22,461,915
Applicable District Debt Outstanding	16,550,748	16,110,800	15,756,702	15,402,557
Less: Applicable Debt Service Fund Amounts (2)	(513,213)	(664,539)	(797,551)	(880,415)
Net Indebtedness Subject to Limitation	<u>16,037,535</u>	<u>15,446,261</u>	<u>14,959,151</u>	<u>14,522,142</u>
Overall Legal Debt Margin	<u>\$7,944,924</u>	<u>\$9,056,587</u>	<u>\$7,626,798</u>	<u>\$7,939,773</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	266,472	272,254	250,955	249,577
Applicable District Debt Outstanding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$266,472</u>	<u>\$272,254</u>	<u>\$250,955</u>	<u>\$249,577</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,398,246	2,450,285	2,258,595	2,246,191
Applicable District Debt Outstanding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$2,398,246</u>	<u>\$2,450,285</u>	<u>\$2,258,595</u>	<u>\$2,246,191</u>

\*Restated for Deferred Charge on Refunding

- (1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt, and 9/10 of 1% for energy conservation debt.
- (2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*Heath City School District*

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2011	2012	2013	2014	2015	2016
	*				
\$249,789,690	\$252,752,210	\$255,107,890	\$256,422,430	\$254,163,855	\$243,934,110
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
22,481,072	22,747,699	22,959,710	23,078,019	22,874,747	21,954,070
15,120,402	15,061,386	14,522,171	13,902,047	13,170,033	12,140,782
(1,031,216)	(1,103,745)	(1,042,575)	(1,049,893)	(1,075,169)	(1,242,170)
<u>14,089,186</u>	<u>13,957,641</u>	<u>13,479,596</u>	<u>12,852,154</u>	<u>12,094,864</u>	<u>10,898,612</u>
<u>\$8,391,886</u>	<u>\$8,790,058</u>	<u>\$9,480,114</u>	<u>\$10,225,865</u>	<u>\$10,779,883</u>	<u>\$11,055,458</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
249,790	252,752	255,108	256,422	254,164	243,934
0	0	0	0	0	0
<u>\$249,790</u>	<u>\$252,752</u>	<u>\$255,108</u>	<u>\$256,422</u>	<u>\$254,164</u>	<u>\$243,934</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,248,107	2,274,770	2,295,971	2,307,802	2,287,475	2,195,407
0	0	0	0	0	0
<u>\$2,248,107</u>	<u>\$2,274,770</u>	<u>\$2,295,971</u>	<u>\$2,307,802</u>	<u>\$2,287,475</u>	<u>\$2,195,407</u>

## *Heath City School District*

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	2006	2007	2008	2009	2010
<b>Population</b> (1)					
City of Heath	8,527	8,527	8,544	8,507	10,310
Licking County	155,694	155,694	156,183	158,488	166,492
<b>Income</b> (2) (a)					
Total Personal (in thousands)	274,237	289,253	295,460	291,348	358,520
Per Capita	32,161	33,922	34,581	34,248	34,774
<b>Unemployment Rate</b> (3)					
Federal	4.6%	4.6%	5.8%	9.3%	9.6%
State	5.5%	5.6%	6.6%	10.2%	10.1%
Licking County	5.1%	5.2%	6.1%	9.3%	9.5%
Fiscal Year	2007	2008	2009	2010	2011
<b>School Enrollment</b> (4)					
Grades K - 2	358	379	382	370	345
Grades 3 - 5	434	435	432	398	384
Grades 6 - 8	418	395	436	416	437
Grades 9 - 12	484	487	472	445	431
JVS	45	47	53	52	55
Total	<u>1,739</u>	<u>1,743</u>	<u>1,775</u>	<u>1,681</u>	<u>1,652</u>

**Sources:**

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County (2015 not available), Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

*Heath City School District*

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2011	2012	2013	2014	2015
10,310	10,310	10,310	10,310	10,310
166,983	167,719	168,503	169,390	169,390
386,532	388,470	396,822	410,699	410,699
37,491	37,679	38,489	39,835	39,835
8.9%	8.1%	7.4%	6.2%	5.3%
8.6%	7.2%	7.4%	5.7%	4.9%
8.0%	6.5%	6.9%	5.1%	4.4%
2012	2013	2014	2015	2016
325	329	365	401	398
364	368	376	389	380
422	426	388	407	405
430	436	464	473	465
56	55	48	65	70
<u>1,597</u>	<u>1,614</u>	<u>1,641</u>	<u>1,735</u>	<u>1,718</u>



## *Heath City School District*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2015	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	802	1
Super Wal-Mart Stores	Retail Sales	441	2
Kaiser Aluminum & Chemical Co.	Manufacturing	315	3
Heath City Schools	Education	309	4
Lowe's Home Center	Retail Sales	234	5
Heath Nursing Home	Health Care	206	6
JLH Automotive	Retail Sales	200	7
Englefield Oil	Petroleum Products	189	8
Arvin/Meritor	Manufacturing	168	9
Mathews Ford	Retail Sales	144	10
Total		<u>3,008</u>	

Employer	Nature of Business	2006	
		Number of Employees	Rank
Central Ohio Aerospace and Technology Center	Manufacturing	947	1
Arvin/Meritor/Rockwell	Manufacturing	582	2
Wal-Mart Stores	Retail Sales	446	3
Kaiser Aluminum and Chemical Corporation	Manufacturing	272	4
Heath Nursing Home	Health Care	240	5
Kroger	Retail Grocery	194	6
Lowe's Home Center	Retail Sales	193	7
Englefield Oil	Petroleum Products	191	8
Heath City Schools	Education	174	9
Sears	Retail Sales	163	10
Total		<u>3,402</u>	

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

## *Heath City School District*

### *School District Employees by Type Last Ten Years*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Supervisory</b>					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	1.00	1.00	1.00	1.00	1.00
Principals	4.00	4.00	4.00	4.00	4.00
Assistant Principals	1.00	1.00	1.00	1.00	1.00
<b>Instruction</b>					
Classroom Teachers	105.00	105.00	106.00	106.00	104.00
<b>Student Services</b>					
Guidance Counselors	3.50	3.00	3.50	3.50	3.50
Psychologists	1.00	1.00	1.00	1.00	1.00
Librarians	2.00	2.00	2.00	2.00	2.00
<b>Support Services</b>					
Clerical/Secretaries	11.00	11.00	11.00	11.00	11.00
Tutors/Aides	6.00	2.00	2.00	2.00	2.00
Food Service	18.00	18.00	18.00	18.00	18.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	12.00	12.00	12.00	12.00	12.00
<i>Total Employees</i>	<u>175.50</u>	<u>171.00</u>	<u>172.50</u>	<u>172.50</u>	<u>170.50</u>

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

Source: District Treasurer's Office



*Heath City School District*

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2012	2013	2014	2015	2016
2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00
4.00	4.00	4.00	4.00	4.00
1.00	1.00	2.00	2.00	2.00
102.00	100.00	104.00	102.00	104.00
2.50	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
2.00	1.00	1.00	1.00	1.00
11.00	11.00	11.00	11.00	11.00
2.00	1.00	1.00	1.00	1.00
18.00	18.00	18.00	18.00	18.00
9.00	9.00	9.00	9.00	9.00
12.00	12.00	12.00	12.00	12.00
<u>167.50</u>	<u>162.00</u>	<u>167.00</u>	<u>165.00</u>	<u>167.00</u>

## *Heath City School District*

### *Operating Indicators - Cost per Pupil Last Ten Years*

Fiscal Year	2007	2008	2009	2010
Enrollment	1,739	1,743	1,775	1,681
Modified Accrual Basis				
Operating Expenditures	16,387,129	16,152,925	16,991,666	17,866,510
Cost per Pupil	9,423	9,267	9,573	10,629
Percentage of Change	4.0%	(1.7%)	3.3%	11.0%
Accrual Basis (1)				
Expenses	15,347,405	15,490,046	16,241,554	17,456,264
Cost per Pupil	8,825	8,887	9,150	10,384
Percentage of Change	2.96%	0.70%	2.96%	13.49%
Teaching Staff	105	105	106	106

(1) Expenses exclude interest and fiscal charges

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

*Heath City School District*

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2011	2012	2013	2014	2015	2016
1,652	1,597	1,614	1,641	1,735	1,718
17,599,205	17,436,731	17,694,748	17,414,789	18,352,229	19,807,688
10,653	10,918	10,963	10,612	10,578	11,530
0.2%	2.5%	0.4%	(3.2%)	(0.3%)	9.0%
17,108,447	16,713,393	16,839,524	16,585,008	17,415,686	18,853,713
10,356	10,465	10,433	10,107	10,038	10,974
(0.27%)	1.06%	(0.31%)	(3.13%)	(0.68%)	9.33%
104	93	94	100	102	104

## Heath City School District

### Operating Indicators by Function Last Ten Years

	2007	2008	2009	2010
<b>Governmental Activities</b>				
Pupils				
Enrollment	1,739	1,743	1,775	1,681
Graduates	110	105	113	110
Percent of Students with Disabilities	6.8%	6.7%	6.3%	6.5%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	95.90%	95.10%	96.10%	94.70%
Fiscal Services				
Purchase Orders Processed	2,161	2,054	2,149	2,067
Checks Issued (non payroll)	2,330	2,269	2,316	1,583
Operation and Maintenance of Plant				
District Square Footage Maintained	291,068	291,068	291,068	291,068
District Square Miles Maintained	11.2	11.2	11.2	11.2
Pupil Transportation				
Average Daily Students Transported	1,147	1,147	1,189	1,188
Average Daily Bus Fleet Miles	898	898	901	901
Number of Buses	16	16	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Meals Served Annually	93,174	155,431	156,800	156,982
Percent of Free/Reduced Price Meals	24%	33%	39%	40%
Extracurricular Activities				
High School Varsity Teams	17	17	17	17

Source: District Treasurer's Office

*Heath City School District*

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2011	2012	2013	2014	2015	2016
1,652	1,597	1,614	1,641	1,735	1,718
122	116	112	117	133	137
6.7%	7.0%	7.1%	7.2%	7.2%	7.2%
12	12	12	12	12	12
95.40%	96.40%	96.20%	96.80%	96.70%	96.80%
2,114	2,116	2,355	2,367	2,241	2,287
2,266	2,242	2,385	2,288	2,318	2,302
291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,195	1,162	1,169	1,181	1,188	1,188
901	901	899	900	901	901
16	16	16	16	16	16
146,579	145,932	142,972	141,109	140,972	141,172
41%	46%	47%	47%	48%	49%
17	17	17	17	17	17

## *Heath City School District*

### *Operating Indicators - Teacher Base Salaries Last Ten Years*

Fiscal Year	2007	2008	2009	2010	2011
Minimum Salary (1)	31,175	31,175	32,213	33,286	33,286
Maximum Salary (1)	68,585	68,585	69,258	71,565	71,565
District Average Salary (3)	49,985	50,768	51,571	54,130	54,823
County Average Salary (3)	47,110	49,633	49,961	51,707	51,585
State Average Salary (3)	53,536	53,410	54,656	55,958	56,715

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

### *Operating Indicators - Teacher by Education Last Ten Years*

Fiscal Year	2007	2008	2009	2010	2011
Bachelor's Degree	10	10	9	9	7
Bachelor + 15 (2)	25	17	18	16	16
Master's Degree	49	53	54	56	56
Master's Degree + 15 (2)	12	12	12	12	12
Master's Degree + 30	9	13	13	13	13
Total	105	105	106	106	104

Source: District Treasurer's Office

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

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

(3) Ohio Department of Education

*Heath City School District*

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2012	2013	2014	2015	2016
33,286	33,286	34,118	34,800	35,148
71,565	71,565	73,354	74,820	75,568
54,334	54,057	52,671	51,776	52,446
51,585	51,214	50,856	50,246	51,985
56,715	56,307	55,913	55,242	57,154

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2012	2013	2014	2015	2016
6	6	27	26	23
9	9	0	0	0
57	56	64	67	72
9	9	0	0	0
12	12	9	9	9
93	92	100	102	104

## Heath City School District

### Capital Asset Statistics by Building Last Ten Years

	2007	2008	2009	2010
<b>Secondary</b>				
Heath High School				
Square Footage	124,740	124,740	124,740	124,740
Capacity (students)	600	600	600	600
Enrollment	484	534	525	497
<b>Middle</b>				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	418	395	436	416
<b>Elementary</b>				
Stevenson Elementary School				
Square Footage	44,437	44,437	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	434	435	432	398
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	450	450	450	450
Enrollment	358	379	382	370
<b>All Other</b>				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	14	13	13	13
Bus Garage				
Square Footage	10,800	10,800	10,800	10,800
Capacity (Buses)	16	16	16	16

Source: District Treasurer's Office



*Heath City School District*

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2011	2012	2013	2014	2015	2016
124,740	124,740	124,740	124,740	124,740	124,740
600	600	600	600	600	600
486	497	497	512	538	535
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
437	416	416	388	407	405
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
384	398	398	376	401	380
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
345	370	370	365	389	398
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	13	12	13	13
10,800	10,800	10,800	10,800	10,800	10,800
16	16	16	16	16	16

## *Heath City School District*

### *Educational and Operating Statistics Last Ten Years*

	2007	2008	2009	2010	2011
<b>ACT Scores (Average)</b>					
Heath	N/A	21.7	21.8	22.0	21.9
Ohio	21.6	21.6	21.7	21.7	21.7
National	21.2	21.2	21.3	21.3	21.3
<b>Cost per Student (ODE)</b>					
Heath	8,138	8,260	8,060	10,480	10,677
Ohio (Average) (1)	9,586	9,939	10,184	10,512	10,571
<b>Attendance Rate</b>					
Heath	95.40%	95.10%	95.20%	94.70%	95.40%
Ohio (Average) (1)	94.10%	94.20%	94.30%	94.30%	64.50%
<b>Graduation Rate</b>					
Heath	90.10%	99.10%	93.70%	99.30%	96.50%
Ohio (Average) (2)	86.10%	86.20%	84.60%	83.00%	83.30%

**Source:**

District's Student Records and Ohio Department of Education

(1) ODE calculation is not based on GAAP financial reports. In 2014, Cost per Student is based on Equivalent Pupil.

(2) The 2016 figures were not yet available.

(a) Beginning with FY12, the Graduation rates from ODE are calculated using a method required by federal law that tracks students when they transfer from school to school- Longitudinal Graduation 4 Year Rate.

*Heath City School District*

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2012	2013	2014	2015	2016
21.8	21.7	21.8	21.9	21.9
21.6	21.7	21.7	21.7	21.7
21.3	21.3	21.4	21.4	21.4
9,136	10,961	8,603	8,225	8,978
10,508	10,149	9,536	9,904	9,837
95.60%	94.80%	96.70%	94.90%	94.90%
94.50%	94.20%	94.30%	94.10%	94.10%
93.80%	93.30%	91.70%	96.90%	96.90%
81.30%	82.20%	82.30%	83.00%	83.00%

