

HEATH CITY SCHOOL DISTRICT

Heath City School District

Heath, Ohio



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

HEATH CITY SCHOOL DISTRICT



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Heath, Ohio

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2023**

Prepared by:

**Mr. Karl Zarins
Treasurer**

HEATH CITY SCHOOL DISTRICT



HEATH CITY SCHOOL DISTRICT

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INTRODUCTORY SECTION



December 26, 2023

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 Annual Comprehensive Financial Report issued by the District. This Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 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 1,699 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.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2023

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 10,412 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.

The county auditor estimates property values every 3 years and will be updated for 2023, impacting collections in Fiscal Year (FY) 2023-2024 and FY 2024-2025. Preliminary data indicates very strong property value growth. Growth data is so strong that the state legislature is contemplating legislation impacting future property tax collections in an effort to alleviate the impact on taxpayers. At the time of this report, no final legislation has been passed. Perhaps the most significant development is that Intel announced in January of 2023 that it will locate a \$20b facility in Licking County and anticipates 7,000 construction jobs and 3,000 permanent jobs with an average salary of \$130,000. In addition, it is expected that jobs will be created in the region due to ancillary services to serve Intel's operations. The size of this development is expected to create numerous changes in the region as a whole. Other high-tech facilities have been announced in the region including Google, Microsoft, Facebook, and Amazon; as well as other ancillary businesses. This has contributed to inflationary pressures on building costs, housing costs, and wage growth in the region. The District is currently evaluating the potential impact of the Intel development on enrollment and its building capacity. The city of Heath is aggressive in attracting businesses to the area through tax abatements and developing its infrastructure. However, while the city can annex unincorporated adjacent land, the school district cannot easily alter its boundaries and this will likely limit the amount of additional development within the school district. At the time of this report, there are on-going discussions with the City of Heath to grant economic tax incentives for a combination residential and commercial development within district boundaries. This could impact enrollment and building capacity.

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 the General Fund's local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. The District currently maintains a solid cash balance as a result of historically responsible management of its finances. FY23 saw receipts increase 5.5% and compared to FY22 on a cash basis. Meanwhile, expenditures increased 5.1% on a cash basis resulting in a further strengthening cash position.

Receipts increased due to continued phase in of the new state funding plan (the "Fair School Funding Plan") and higher interest and investment earnings reflecting a higher interest rate environment combined with solid cash balances. State funding increased \$330k or 4.2%, while "other revenues" (includes interest earnings) increased 78.3% or \$415k. Expenditure increases reflected continued implementation of literacy initiatives impacting both salary (4.3% increase) and supply costs. Likewise, the District's outsourced purchased services increased 2.0% led by outsourced instructional services. Outsourced instructional service expenditures increased due to a higher level of service required to meet the needs of its expanding special needs student population. However, this was offset by a 6.3% decline in benefit costs reflecting that the District joined a new health insurance consortium creating a temporary cost decrease as it went from a "pay in advance" model to a "pay as you go" model.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2023

OPERATING RESULTS AND MAJOR INITIATIVES

Current:

During fiscal year 2023, the District continued to work toward both operational and educational goals.

Academically, the 2022-23 school year included improved student achievement data that exceeded (performance index) the pre-pandemic (2018-19) score of 90.6. The performance index for the 2022-23 school year improved to 91.8 from the prior year (2021-22) score of 89.7. District Progress scores were consistent with the prior year, with the school district earning 3 out of 5 stars. The third, fifth, seventh, as well as most high school EOC assessed areas either met or exceeded expected growth. Student achievement and student growth metrics provide the most uniform data that indicates how students perform in reading, math, science and social studies. The district's chronic absenteeism rating was 19.8%, which was a significant improvement from the 2021-22 result of 35.7%.

Operationally, the District took steps to stabilize its local funding and make it more predictable. In 2023 the residents of Heath City Schools graciously passed a continuing substitute levy replacing two emergency levies set to expire in 2024 and 2027. In addition, the District took steps to stabilize its health insurance costs by joining the Stark County Council of Governments' Insurance consortium for coverage beginning July 1, 2023. The District anticipates cost savings and a more stable premium cost increase as its claim costs are spread over a larger pool of insured lives. As the District looks to the future, it will be evaluating potential enrollment growth in the context of aging facilities. The District will continue to assess the best manner to ensure that its facilities are modern, safe, and conducive to learning.

Future:

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. Despite the realities of operating during a pandemic, the District continues to work to improve its operations and educational opportunities for its students.

Academically, the District is refocusing and continuing our work on instructional improvement during the 2023-23 school year. Our strongest concentration of work will be in the area of literacy. The District is in year four of its comprehensive school literacy grant, and is converting to a research based ELA curriculum in grades 3-8.

District officials are also continuing work on the following initiatives:

- Continued improvement of technological infrastructure.
- Offer various classes of summer remediation and credit recovery at no cost to students and their families.
- Strive to meet all state indicators on the District report card.
- Utilize STAR Early Literacy, STAR Reading and Math Assessments and multiple dyslexia screeners to identify students needing intervention, referral for possible gifted identification and/or progress monitoring of students.
- Utilize all available data to drive curricular decisions in the regular curriculum, intervention areas and special education.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2023

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 accounting principles generally accepted in the United States of America. 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

Letter of Transmittal

For the Fiscal Year Ended June 30, 2023

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. on behalf of Keith Faber, Auditor of State. 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 Annual Comprehensive Financial Report whose contents satisfy all program standards. The report must satisfy both accounting principles generally accepted in the United States of America (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, 2022. We believe this, our twentieth Annual Comprehensive 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 Annual Comprehensive 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



Karl Zarins
Treasurer

HEATH CITY SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2023

Members of the Board of Education

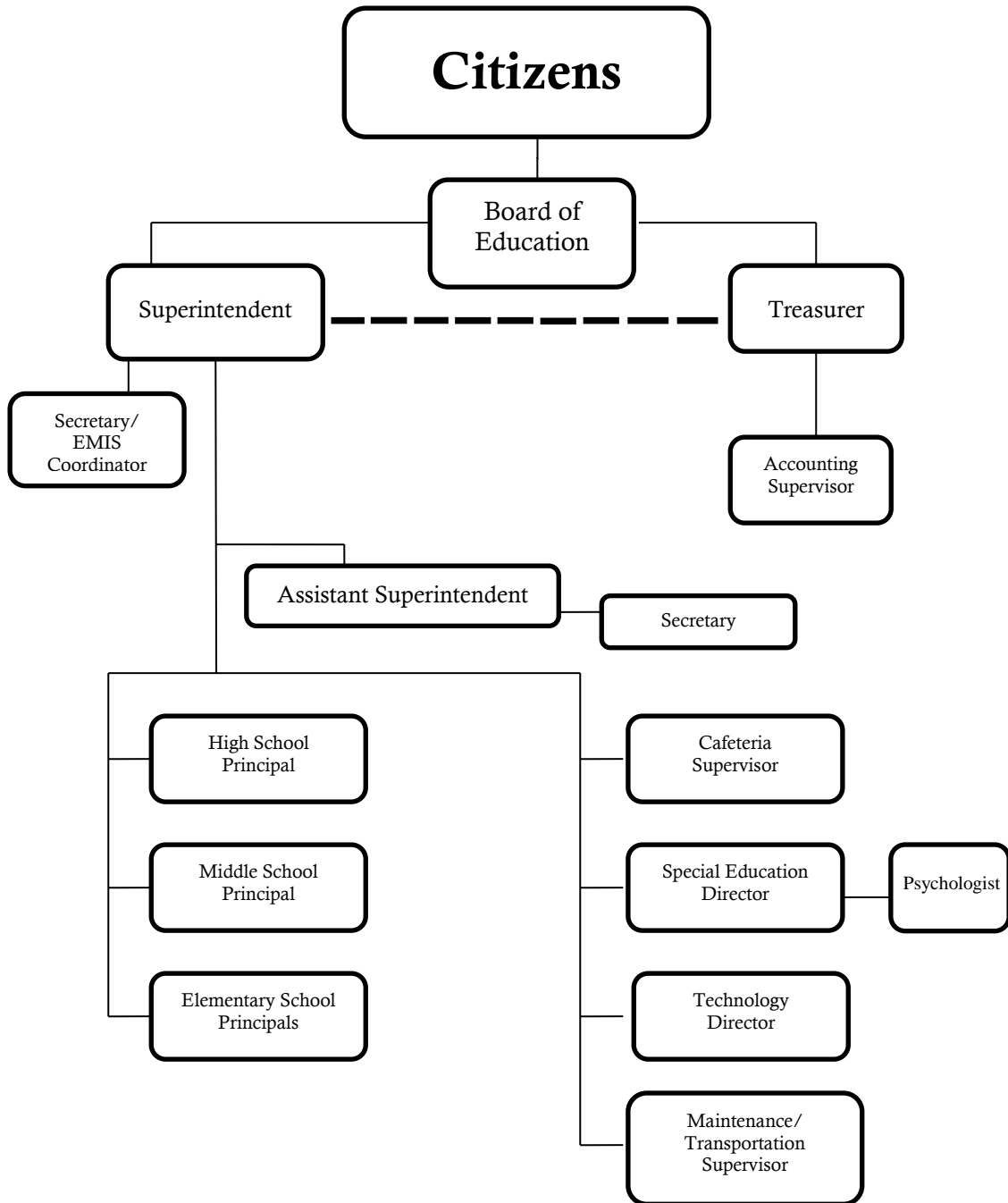
Name	Title	Years of Service
Ms. Debbie Kelley	President	15
Ms. Dianne Winter	Vice President	7
Dr. Craig Dyer	Member	7
Dr. Melody Klontz	Member	7
Mr. Mark Grise	Member	1

Administration

Name	Title	Years of Service	
		Position	Total
Dr. Trevor Thomas	Superintendent	10	21
Mr. Karl Zarins	Treasurer	6	21
Ms. Kelly Holbrook	Assistant Superintendent	10	25

HEATH CITY SCHOOL DISTRICT

*Organizational Chart
For the Fiscal Year Ended June 30, 2023*



HEATH CITY SCHOOL DISTRICT

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



Government Finance Officers Association

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

Presented to

**Heath City School District
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Independent Auditor's Report

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

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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, 2023, 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.

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, as of June 30, 2023, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Heath City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Heath City School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Heath City School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Heath City School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions, listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Heath City School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2023 on our consideration of the Heath City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Heath City School District's 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.
December 26, 2023



HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Unaudited

The discussion and analysis of Heath City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. 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 2023 are as follows:

- ❑ In total, net position increased \$4,916,471, which represents a 100.6% increase in net position from 2022.
- ❑ General revenues accounted for \$25,227,163 in revenue or 84.9% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$4,488,841 or 15.1% of total revenues of \$29,716,004.
- ❑ The District had \$24,799,533 in expenses related to governmental activities; only \$4,488,841 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$22,382,803 in revenues and other financing sources and \$19,668,030 in expenditures. The general fund's fund balance increased from \$14,595,982 to \$17,310,755.

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.

HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023***

Unaudited

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.

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.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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 2023 compared to 2022:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Assets:			
Current and other assets	\$36,119,396	\$33,093,958	\$3,025,438
Net OPEB Asset	1,781,122	1,472,988	308,134
Capital assets, Net	11,629,583	11,521,421	108,162
Total assets	49,530,101	46,088,367	3,441,734
Deferred outflows of resources:			
Pension	5,078,840	5,598,893	(520,053)
OPEB	501,359	618,323	(116,964)
Total deferred outflows of resources	5,580,199	6,217,216	(637,017)
Liabilities:			
Net pension liability	19,099,536	11,530,983	7,568,553
Net OPEB liability	1,008,354	1,368,494	(360,140)
Long-term debt outstanding	6,531,881	7,228,914	(697,033)
Other liabilities	2,311,762	2,937,683	(625,921)
Total liabilities	28,951,533	23,066,074	5,885,459
Deferred inflows of resources:			
Property Tax	12,127,226	12,848,330	(721,104)
Refunding	115,036	143,793	(28,757)
Pension	1,754,607	9,159,780	(7,405,173)
OPEB	2,624,918	2,467,097	157,821
Total deferred inflows of resources	16,621,787	24,619,000	(7,997,213)
Net position (deficit):			
Net Investment in capital assets	6,827,610	5,738,539	1,089,071
Restricted	4,404,147	2,863,852	1,540,295
Unrestricted	(1,694,777)	(3,981,882)	2,287,105
Total net deficit	\$9,536,980	\$4,620,509	\$4,916,471

Net position of the District's governmental activities increased by \$4,916,471. This increase is partly attributed to the District maintaining expenses below revenues. As presented in the table of Changes in Net Position, total governmental expenses of \$24,799,533 were offset by program revenues of \$4,488,841 and general revenues of \$25,227,163.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Unaudited

The implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" in fiscal year 2015 and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in fiscal year 2018," significantly revised accounting for costs and liabilities related to pension and to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan 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 retirement system is responsible for the administration of the pension and OPEB plans.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Unaudited

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

At year-end for governmental activities, capital assets represented 23.5% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and SBITA assets. Capital assets, net of related debt to acquire the assets at June 30, 2023 were \$6,827,610. 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, \$4,404,147, represents resources that are subject to external restriction on how they may be used. Excluding the effect of GASB 68 and GASB 75, the District has approximately \$15.4 million in unrestricted net position which may be used to meet the District's ongoing obligations to the students and creditors.

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HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal years 2023 and 2022:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,098,786	\$646,785	\$452,001
Operating Grants and Contributions	3,248,796	3,512,408	(263,612)
Capital Grants and Contributions	141,259	14,914	126,345
Total Program Revenues	4,488,841	4,174,107	314,734
General Revenues:			
Property Taxes	15,262,839	13,381,311	1,881,528
Grants and Entitlements	9,041,805	8,715,419	326,386
Other	922,519	399,291	523,228
Total General Revenues	25,227,163	22,496,021	2,731,142
Total Revenues	29,716,004	26,670,128	3,045,876
Program Expenses			
Instruction	13,689,044	11,861,518	1,827,526
Support Services:			
Pupils Support	1,147,042	985,786	161,256
Instructional Staff Support	1,062,785	1,008,534	54,251
Board of Education	191,751	190,806	945
Administration	2,182,115	1,727,130	454,985
Fiscal Services	813,554	714,725	98,829
Business	9,588	10,044	(456)
Operation and Maintenance of Plant	1,773,034	1,516,664	256,370
Pupil Transportation	1,102,681	852,824	249,857
Central	451,713	357,395	94,318
Operation of Non-Instructional Services:			
Community Services	12,687	19,205	(6,518)
Food Service Operations	1,272,040	1,092,736	179,304
Extracurricular Activities	1,002,833	998,401	4,432
Interest and Fiscal Charges	88,666	171,720	(83,054)
Total Expenses	24,799,533	21,507,488	3,292,045
Change in Net Position	4,916,471	5,162,640	(246,169)
Beginning Net (Deficit)	4,620,509	(542,131)	5,162,640
Ending Net Position	\$9,536,980	\$4,620,509	\$4,916,471

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

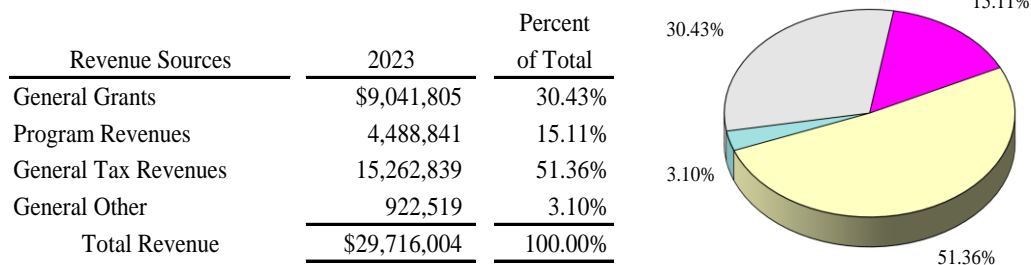
Unaudited

Governmental Activities

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$24,304,644 and represent 96.3% 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 51.36% of revenues for governmental activities for Heath City Schools in fiscal year 2023. 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 \$21,335,148, which is higher than last year's total of \$17,007,138. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2023 and 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Increase (Decrease)
General	\$17,310,755	\$14,595,982	\$2,714,773
Bond Retirement	2,333,492	1,552,829	780,663
Other Governmental	1,690,901	858,327	832,574
Total	<u>\$21,335,148</u>	<u>\$17,007,138</u>	<u>\$4,328,010</u>

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Unaudited

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

	2023 Revenues	2022 Revenues	Increase (Decrease)
Taxes	\$12,003,431	\$10,557,314	\$1,446,117
Tuition	326,962	266,356	60,606
Investment Earnings	388,803	(93,551)	482,354
Class Materials and Fees	73,900	77,487	(3,587)
Intergovernmental - State	9,137,795	8,783,658	354,137
All Other Revenue	342,232	375,830	(33,598)
Total	<u>\$22,273,123</u>	<u>\$19,967,094</u>	<u>\$2,306,029</u>

General Fund revenues in 2023 increased approximately 11.5% compared to revenues in fiscal year 2022. Increases in Taxes, Investment Earnings and Intergovernmental – State revenues account for the majority of this increase. Tax increases reflected above primarily due to the availability of property tax advances from the county auditor, but do not reflect a significant increase on a cash basis. While Investment earnings increased largely due to a combination of higher interest rates and higher cash balances. Finally, fiscal year 2022 marked the beginning of the state's new funding model using a completely different methodology. However, the State did not fully phase in several components of the new funding formula. While there are many factors in changing state aid, in fiscal year 2022 only 16.7% of most formula increases over the base year were funded, while in fiscal year 2023 33.3% were funded. This largely explains the increase in Intergovernmental-state aid from fiscal year 2022 to fiscal year 2023.

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HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Unaudited

	2023 Expenditures	2022 Expenditures	Increase (Decrease)
Instruction	\$11,575,515	\$10,687,028	\$888,487
Supporting Services:			
Pupils Support	645,147	590,187	54,960
Instructional Staff Support	792,926	779,493	13,433
Board of Education	191,751	190,806	945
Administration	2,009,839	1,824,683	185,156
Fiscal Services	778,569	728,457	50,112
Business	9,588	10,044	(456)
Operation and Maintenance of Plant	1,700,430	1,554,574	145,856
Pupil Transportation	796,699	770,312	26,387
Central	426,420	349,109	77,311
Operation of Non-Instructional Services:			
Food Service Operations	1,875	1,040	835
Extracurricular Activities	588,178	572,791	15,387
Capital Outlay	109,359	0	109,359
Debt Service:			
Principal Retirement	36,266	0	36,266
Interest and Fiscal Charges	5,468	500	4,968
Total	<u>\$19,668,030</u>	<u>\$18,059,024</u>	<u>\$1,609,006</u>

Expenditures increased by \$1,609,006 or 8.9% compared to the prior year. Instruction services increased 8.3% from the prior year, accounting for the majority of the increase in expenditures from fiscal year 2022. These costs increased due to a number of factors including higher curriculum and supply purchases, tuition and instructional service costs predominantly paid to the County Educational Service Center (ESC) for special education services, and also higher salary costs offset by lower benefit costs. School District initiatives in fiscal year 2023 included larger curriculum purchases and committing financial resources to teachers to promote hands on learning activities and upgrading aging classroom equipment. Increased ESC charges funded services such as increased one on one aides, additional special education preschool charges, and an expansion of the multiple disability classroom participants. Finally, the salary costs increased due to negotiated step increases and cost of living increases as well as an expansion of literacy tutoring and an increase of 4 instructional staff.

Administration costs increased 10.1% from the prior year. The majority of these increases is explained by increases in purchased service costs for various reasons include an enrollment study and legal fees associated with development in the school district boundaries. In addition, salary increases contributed to this increase.

Operation and Maintenance of Plant costs increased 9.4% from the prior year. Numerous factors contribute to this increase including salary and supply costs. Beyond negotiated salary increases, fiscal 2023 had higher substitute maintenance costs than the prior year, which includes one new semi-permanent but variable hour positions. In addition, maintenance costs experienced a general increase in supply and capital outlay costs.

Capital Outlay expenditures increased from \$0 due to the implementation of GASB Statement No. 96 "Subscription-Based Information Technology Arrangements,"

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Unaudited

Bond Retirement Fund – The fund balance increased 50.3% from fiscal year 2022. Fiscal year 2023 revenues increased 13.4% while expenditures decreased 44.4% compared to 2022. Revenues increased in due to higher tax revenue because of county auditor advance availability in excess of the prior year. Expenditures declined because the District retired a portion of its debt prior to maturity consistent with a general effort to retire its debt and save its taxpayers interest expenses.

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 2023 the District amended its General Fund budget several times. Final budget expenditure amounts were \$751,883 higher than original budget amounts. Actual expenditures (excluding other financing uses), were 2% higher than originally budgeted expenditures and .3% lower than the final budgeted expenditures. Final budget amounts and actual expenditures were tracked very closely.

Excluding other financing sources, revenues were 2.4% higher than originally budgeted and 0.4% higher than the final budget. Deviations from the original budget are explained by much higher investment earnings revenues and lower state funding than expected. The General Fund budget actual revenue increased \$83,033 compared to the final budget estimates.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2023, the District had \$11,629,583 net of accumulated depreciation invested in land, buildings, equipment, and vehicles. The following table shows fiscal year 2023 and 2022 balances:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Land	\$438,952	\$438,952	\$0
Construction in Progress	59,435	496,659	(437,224)
Land Improvements	3,604,454	3,542,598	61,856
Buildings and Improvements	24,547,539	23,692,162	855,377
Machinery and Equipment	1,964,747	1,846,120	118,627
Vehicles	1,296,867	1,189,930	106,937
SBITA Assets	337,671	0	337,671
Less: Accumulated Depreciation	(20,620,082)	(19,684,000)	(936,082)
Totals	\$11,629,583	\$11,522,421	\$107,162

The District's capital assets increased in 2023 predominately due to the addition of SBITA assets and the completion of many large construction projects, offset by yearly depreciation expense. Additional information on the District's capital assets can be found in Note 9.

Debt

At June 30, 2023, the District had \$6.5 million in general obligation bonds, SBITA's and compensated absences outstanding, \$1,251,354 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2023 and 2022:

	2023	2022
Governmental Activities:		
General Obligation Bonds Payable	\$4,584,274	\$5,639,092
SBITA Liability	102,663	0
Compensated Absences	1,844,944	1,589,822
Totals	\$6,531,881	\$7,228,914

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, 2023, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023***

Unaudited

ECONOMIC FACTORS

The District's primary sources of funding remain local property tax collections and state funding. Property tax collections are in part reliant upon property valuations. The county auditor conducts a reappraisal every 6th year, with an update the third year. The Licking County Auditor performed its latest reappraisal of property values in tax year 2017, impacting collections for fiscal years 2018 and 2019. An update was performed for tax year 2020 impacting collections for fiscal years 2021 and 2022. The next reappraisal is expected tax year 2023. Due to the strong real estate market in central Ohio, low unemployment and growth in Licking County, property values are anticipated to appreciate. There is downside potential to the district's economic condition if property appreciation is so strong that it results in state legislative intervention.

State funding is a legislative process that cannot be fully predicted, however, the District believes the state's capacity to continue its funding of local school districts is strong. State economic conditions generally have been positive. According to the state of Ohio's Office and Budget and Management's monthly financial reports, state revenue grew in fiscal year 2023 and is on pace to continue growth in fiscal year 2024. In addition, the state's budget stabilization fund also illustrates the state's ability to maintain school funding levels. According to ORC §131.43, it is the intent of the Ohio general assembly to maintain an amount of money in the budget stabilization fund that amounts to approximately 8.5% of the state of Ohio's general revenue fund revenues for the preceding fiscal year. As of June 30, 2023 the state's website reports that the budget stabilization fund held \$3.5b and the state's ACRF as of June 30, 2022 reported the General Revenue Fund had \$44.3b in revenue. This budgetary reserve remains strong.

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. Karl Zarins, Treasurer, Heath City School District.



HEATH CITY SCHOOL DISTRICT

Statement of Net Position ***June 30, 2023***

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 14,521,822
Investments	6,582,620
Receivables:	
Taxes	14,521,150
Accounts	3,484
Intergovernmental	403,674
Inventory	33,234
Prepaid Items	53,412
Net OPEB Asset	1,781,122
Capital Assets:	
Nondepreciable Capital Assets	498,387
Depreciable Capital Assets, Net	11,131,196
Total Capital Assets, Net	<u>11,629,583</u>
Total Assets	<u>49,530,101</u>
 Deferred Outflows of Resources:	
Pension	5,078,840
OPEB	501,359
Total Deferred Outflows of Resources	<u>5,580,199</u>
 Liabilities:	
Accounts Payable	110,424
Accrued Wages and Benefits	1,837,714
Intergovernmental Payable	288,790
Unearned Revenue	63,353
Accrued Interest Payable	11,481
Long Term Liabilities:	
Due Within One Year	1,251,354
Due in More Than One Year:	
Net Pension Liability	19,099,536
Net OPEB Liability	1,008,354
Other Amounts Due in More Than One Year	5,280,527
Total Liabilities	<u>28,951,533</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

	Governmental Activities
Deferred Inflows of Resources:	
Property Taxes	12,127,226
Deferred Gain on Refunding	115,036
Pension	1,754,607
OPEB	2,624,918
Total Deferred Inflows of Resources	<u>16,621,787</u>
 Net Position:	
Net Investment in Capital Assets	6,827,610
Restricted For:	
Capital Projects	1,339,555
Debt Service	2,340,275
Statutory Purposes	666,273
Federal and State Grant Programs	58,044
OPEB	404,757
Unrestricted (Deficit)	<u>(2,099,534)</u>
Total Net Position	<u><u>\$ 9,536,980</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2023

			Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 13,689,044	\$ 402,377	\$ 1,237,556	\$ 0	\$ (12,049,111)
Support Services:					
Pupils	1,147,042	0	933,970	0	(213,072)
Instructional Staff	1,062,785	0	274,777	0	(788,008)
Board of Education	191,751	0	0	0	(191,751)
Administration	2,182,115	0	49,192	0	(2,132,923)
Fiscal Services	813,554	0	0	0	(813,554)
Business	9,588	0	0	0	(9,588)
Operation and Maintenance of Plant	1,773,034	0	17,862	0	(1,755,172)
Pupil Transportation	1,102,681	0	0	141,259	(961,422)
Central	451,713	0	41,588	0	(410,125)
Operation of Non-Instructional Services:					
Community Services	12,687	0	13,228	0	541
Food Service Operations	1,272,040	488,027	680,623	0	(103,390)
Extracurricular Activities	1,002,833	208,382	0	0	(794,451)
Interest and Fiscal Charges	88,666	0	0	0	(88,666)
Totals	\$ 24,799,533	\$ 1,098,786	\$ 3,248,796	\$ 141,259	(20,310,692)

General Revenues

Property Taxes Levied for:	
General Purposes	12,027,552
Debt Service	1,727,412
Capital Outlay	1,507,875
Grants and Entitlements not Restricted to Specific Programs	9,041,805
Investment Earnings	432,989
Miscellaneous	489,530
Total General Revenues	25,227,163
Change in Net Position	4,916,471
Net Position Beginning of Year	4,620,509
Net Position End of Year	\$ 9,536,980

See accompanying notes to the basic financial statements



HEATH CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 10,432,865	\$ 2,066,387	\$ 2,022,570	\$ 14,521,822
Investments	6,582,620	0	0	6,582,620
Receivables:				
Taxes	11,443,219	1,632,395	1,445,536	14,521,150
Accounts	3,484	0	0	3,484
Intergovernmental	64,448	0	339,226	403,674
Interfund Loan Receivable	296,000	0	0	296,000
Inventory	0	0	33,234	33,234
Prepaid Items	162,023	0	27,607	189,630
Total Assets	\$ 28,984,659	\$ 3,698,782	\$ 3,868,173	\$ 36,551,614
Liabilities:				
Accounts Payable	\$ 76,598	\$ 0	\$ 33,826	\$ 110,424
Accrued Wages and Benefits	1,653,392	0	184,322	1,837,714
Intergovernmental Payable	261,431	0	27,359	288,790
Interfund Loans Payable	0	0	296,000	296,000
Unearned Revenue	0	0	63,353	63,353
Total Liabilities	1,991,421	0	604,860	2,596,281
Deferred Inflows of Resources:				
Property Taxes	9,562,093	1,347,026	1,218,107	12,127,226
Unavailable Revenue	120,390	18,264	354,305	492,959
Total Deferred Inflows of Resources	9,682,483	1,365,290	1,572,412	12,620,185
Fund Balances:				
Nonspendable	162,023	0	60,841	222,864
Restricted	0	2,333,492	1,986,402	4,319,894
Committed	249,847	0	0	249,847
Assigned	506,046	0	0	506,046
Unassigned (Deficit)	16,392,839	0	(356,342)	16,036,497
Total Fund Balances	17,310,755	2,333,492	1,690,901	21,335,148
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,984,659	\$ 3,698,782	\$ 3,868,173	\$ 36,551,614

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2023

Total Governmental Fund Balances		\$ 21,335,148
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets, net of prepaid SBITAs, used in governmental activities are not resources and therefore are not reported in the funds.		11,493,365
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		492,959
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	5,078,840	
Deferred Inflows - Pension	(1,754,607)	
Net Pension Liability	<u>(19,099,536)</u>	(15,775,303)
The net OPEB liability/asset is not due and payable nor available in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - OPEB	501,359	
Deferred Inflows - OPEB	(2,624,918)	
Net OPEB Asset	1,781,122	
Net OPEB Liability	<u>(1,008,354)</u>	(1,350,791)
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	(4,405,000)	
Deferred Gain on Refunding (to be amortized over life of debt)	(115,036)	
Issuance Premium (to be amortized over life of debt)	(179,274)	
SBITA Payable	(102,663)	
Compensated Absences Payable	(1,844,944)	
Accrued Interest Payable	<u>(11,481)</u>	(6,658,398)
<i>Net Position (Deficit) of Governmental Activities</i>		<u><u>\$ 9,536,980</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 12,003,431	\$ 1,723,615	\$ 1,504,584	\$ 15,231,630
Tuition	326,962	0	0	326,962
Food Services	0	0	488,027	488,027
Investment Earnings	388,803	0	44,186	432,989
Extracurricular Activities	0	0	208,382	208,382
Class Materials and Fees	73,900	0	0	73,900
Intermediate Sources	0	0	4,753	4,753
Intergovernmental - State	9,137,795	248,920	173,124	9,559,839
Intergovernmental - Federal	0	0	2,721,173	2,721,173
All Other Revenue	342,232	0	148,813	491,045
Total Revenues	22,273,123	1,972,535	5,293,042	29,538,700
Expenditures:				
Current:				
Instruction	11,575,515	0	1,153,680	12,729,195
Supporting Services:				
Pupils	645,147	0	453,096	1,098,243
Instructional Staff	792,926	0	220,297	1,013,223
Board of Education	191,751	0	0	191,751
Administration	2,009,839	0	45,662	2,055,501
Fiscal Services	778,569	23,897	20,850	823,316
Business	9,588	0	0	9,588
Operation and Maintenance of Plant	1,700,430	0	35,280	1,735,710
Pupil Transportation	796,699	0	252,081	1,048,780
Central	426,420	0	36,005	462,425
Operation of Non-Instructional Services:				
Community Services	0	0	12,687	12,687
Food Service Operations	1,875	0	1,247,576	1,249,451
Extracurricular Activities	588,178	0	201,218	789,396
Capital Outlay	109,359	0	809,441	918,800
Debt Service:				
Principal Retirement	36,266	1,010,000	13,738	1,060,004
Interest and Fiscal Charges	5,468	157,975	2,165	165,608
Total Expenditures	19,668,030	1,191,872	4,503,776	25,363,678
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	2,605,093	780,663	789,266	4,175,022

(Continued)

HEATH CITY SCHOOL DISTRICT

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Sale of Capital Assets	321	0	0	321
Other Financing Source - SBITA	109,359	0	43,308	152,667
Total Other Financing Sources (Uses)	<u>109,680</u>	<u>0</u>	<u>43,308</u>	<u>152,988</u>
Net Change in Fund Balances	2,714,773	780,663	832,574	4,328,010
Fund Balances at Beginning of Year	<u>14,595,982</u>	<u>1,552,829</u>	<u>858,327</u>	<u>17,007,138</u>
Fund Balances End of Year	<u><u>\$ 17,310,755</u></u>	<u><u>\$ 2,333,492</u></u>	<u><u>\$ 1,690,901</u></u>	<u><u>\$ 21,335,148</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds To the Statement Of Activities For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 4,328,010
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***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.	(12,568)
---	----------

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase net position.	(15,488)
--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	177,304
--	---------

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	1,685,034
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(2,316,165)
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Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB income/(expense) in the statement of activities.	341,187
---	---------

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.	907,337
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.	3,367
---	-------

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	(255,122)	
Amortization of Deferred Gain on Refunding	28,757	
Amortization of Premium on Bond Issuance	44,818	(181,547)

<i>Change in Net Position of Governmental Activities</i>	<u>\$ 4,916,471</u>
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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, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 10,643,500	\$ 10,764,700	\$ 10,764,515	\$ (185)
Tuition	241,782	327,082	326,962	(120)
Investment Earnings	113,000	415,662	417,923	2,261
Class Material and Fees	2,625	4,925	4,934	9
Intergovernmental - State	9,247,400	9,068,590	9,088,657	20,067
All Other Revenues	79,300	159,380	220,381	61,001
Total Revenues	<u>20,327,607</u>	<u>20,740,339</u>	<u>20,823,372</u>	<u>83,033</u>
Expenditures:				
Current:				
Instruction	11,230,531	11,451,136	11,424,127	27,009
Support Services:				
Pupils	825,381	765,946	761,862	4,084
Instructional Staff	705,571	800,324	794,946	5,378
Board of Education	172,880	210,578	209,882	696
Administration	1,909,363	1,985,842	1,976,028	9,814
Fiscal Services	829,319	797,389	796,588	801
Business	10,000	9,700	9,588	112
Operation and Maintenance of Plant	1,576,887	1,841,041	1,837,044	3,997
Pupil Transportation	718,996	805,580	803,386	2,194
Central	617,214	413,568	405,788	7,780
Non-Instructional Services:				
Food Service Operations	1,200	2,300	1,875	425
Extracurricular Activities	554,879	521,943	510,491	11,452
Total Expenditures	<u>19,152,221</u>	<u>19,605,347</u>	<u>19,531,605</u>	<u>73,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,175,386	1,134,992	1,291,767	156,775

(Continued)

HEATH CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	330	321	(9)
Transfers Out	0	(2,757)	(2,757)	0
Advances In	0	507,137	507,137	0
Advances Out	0	(296,000)	(296,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>208,710</u>	<u>208,701</u>	<u>(9)</u>
Net Change in Fund Balance	1,175,386	1,343,702	1,500,468	156,766
Fund Balance at Beginning of Year	14,805,159	14,805,159	14,805,159	0
Prior Year Encumbrances	104,952	104,952	104,952	0
Fund Balance at End of Year	<u>\$ 16,085,497</u>	<u>\$ 16,253,813</u>	<u>\$ 16,410,579</u>	<u>\$ 156,766</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

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 68 noncertified and approximately 128 certified teaching personnel and administrative employees providing education to 1,722 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 State Support Team (SST11) 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 SST11. 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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, general 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.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

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.

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.

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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

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. 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

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 are legally required to be budgeted and appropriated; however, only the General Fund is 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 2023.

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, 2023

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)	\$2,714,773
Increase (Decrease):	
Accrued Revenues	
at June 30, 2023,	
received during FY 2024	(2,124,668)
Accrued Revenues	
at June 30, 2022,	
received during FY 2023	1,046,203
Accrued Expenditures	
at June 30, 2023,	
paid during FY 2024	1,991,421
Accrued Expenditures	
at June 30, 2022,	
paid during FY 2023	(1,956,272)
FY 2022 Prepays for FY 2023	402,785
FY 2023 Prepays for FY 2024	(162,023)
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	(67,893)
Adjustment to Fair Value	30,206
Encumbrances Outstanding	(374,064)
Budget Basis	<u>\$1,500,468</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2023, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, 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 cash equivalents and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

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, negotiable certificates of deposit, US Treasury Notes and commercial paper at fair value and its nonparticipating investment contracts (certificates of deposit) at cost which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

During 2023, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24-hour notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

On government-wide financial statements and the governmental fund financial statements, purchased inventories held for resale 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory (Continued)

On the governmental fund financial statements, 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.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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 their acquisition value as of 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.

The District reports capital assets for Subscription Based Information Technology Arrangements (SBITAs). A SBITA asset is an intangible asset which represents the District's right to use another entity's information technology software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

2. Depreciation

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

Description	Estimated Lives (in years)
Land Improvements	20
Buildings and Improvements	20-50
Equipment, Furniture and Fixtures	5-30
Vehicles	8
SBITA Assets	2-3

K. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds Payable	Bond Retirement Fund
SBITA Payable	General Fund, ESSER Fund
Compensated Absences	General Fund, Food Service 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023.

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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance (Continued)

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.

O. Pensions/Other Postemployment Benefits (OPEB)

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

P. Interfund Activity

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund loan receivables/payables". These amounts are eliminated from the government-wide financial statements. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Interfund services provided and used are not eliminated in the process of consolidation. 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 2023. 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 2023, the District had no extraordinary or special items.

S. 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 amortized 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.

T. 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 assets 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 and for OPEB. The deferred outflows of resources related to pensions and OPEB are explained in Notes 10 and 11, respectively.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources (Continued)

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 assets 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 and OPEB which are explained in Notes 10 and 11, respectively. 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, accounts, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

U. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, “Conduit Debt Obligations,” Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements,” and Statement No. 96, “Subscription-Based Information Technology Arrangements.”

GASB Statement No. 91 provides a single method of reporting conduit debt obligations.

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

The implementation of these Statements had no effect on beginning net position/fund balance.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 3 – 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 Governmental Funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid Items	\$162,023	\$0	\$27,607	\$189,630
Supplies Inventory	<u>0</u>	<u>0</u>	<u>33,234</u>	<u>33,234</u>
Total Nonspendable	<u>162,023</u>	<u>0</u>	<u>60,841</u>	<u>222,864</u>
Restricted:				
Food Service Operations	0	0	538,664	538,664
Community Activities	0	0	4,771	4,771
Extracurricular Activities	0	0	121,294	121,294
Nonpublic Schools	0	0	339	339
Limited English Proficiency	0	0	273	273
Debt Service Payments	0	2,333,492	0	2,333,492
Capital Improvements	<u>0</u>	<u>0</u>	<u>1,321,061</u>	<u>1,321,061</u>
Total Restricted	<u>0</u>	<u>2,333,492</u>	<u>1,986,402</u>	<u>4,319,894</u>
Committed:				
Employee Health Insurance	<u>249,847</u>	<u>0</u>	<u>0</u>	<u>249,847</u>
Total Committed	<u>249,847</u>	<u>0</u>	<u>0</u>	<u>249,847</u>
Assigned:				
Services and Supplies	<u>506,046</u>	<u>0</u>	<u>0</u>	<u>506,046</u>
Total Assigned	<u>506,046</u>	<u>0</u>	<u>0</u>	<u>506,046</u>
Unassigned (Deficit)	<u>16,392,839</u>	<u>0</u>	<u>(356,342)</u>	<u>16,036,497</u>
Total Fund Balances	<u><u>\$17,310,755</u></u>	<u><u>\$2,333,492</u></u>	<u><u>\$1,690,901</u></u>	<u><u>\$21,335,148</u></u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2023*

NOTE 4 – 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	\$971,224
Prepaid SBITA Asset	48,786
Depreciation/Amortization Expense	(1,032,578)
	<u>(\$12,568)</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$31,209
Increase in Intergovernmental Grants Receivable	146,095
	<u>\$177,304</u>

Amount of current year contractually required contributions deferred:

Pension Contributions	\$1,632,732
OPEB Contributions	52,302
	<u>\$1,685,034</u>

Long-term debt activity:

Bond Principal Payment	\$1,010,000
SBITA Issuance	(152,667)
SBITA Payments	50,004
	<u>\$907,337</u>

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 5 - 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;
- Time certificates of deposit accounts including, but not limited to, passbook accounts;
- The State Treasury Asset Reserve of Ohio (STAR Ohio), and;
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred seventy days, respectively, in an amount not to exceed forty percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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). Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

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

A. Deposits (Continued)

At year end the carrying amount of the District's deposits was \$10,244,296 and the bank balance was \$10,272,796. Federal depository insurance covered \$10,096,234 of the bank balance and \$176,562 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 in the Ohio Pooled Collateral System	<u>\$176,562</u>
Total Balance	<u><u>\$176,562</u></u>

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$388,803. This includes \$47,469 assigned from other District funds.

B. Investments

The District's investments at June 30, 2023 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>
STAR Ohio	\$4,277,526 ^a	AAAm ²	\$4,277,526	\$0
US Treasury Note	387,330	Aaa ¹ , AA+ ²	98,069	289,261
FHLB Note	321,388	Aaa ¹ , AA+ ²	0	321,388
FHLM Notes	493,515	Aaa ¹ , AA+ ²	197,148	296,367
FFCB Notes	207,669	Aaa ¹ , AA+ ²	0	207,669
Commercial Paper	1,413,111	P-1 ¹	1,413,111	0
Negotiable CD	3,759,607	AAA ³	910,929	2,848,678
Total Investments	<u><u>\$10,860,146</u></u>		<u><u>\$6,896,783</u></u>	<u><u>\$3,963,363</u></u>

¹ Moody's Investor Service

² Standard & Poor's

³ All are fully FDIC insured and therefore have an implied AAA credit rating.

^a Measured on an amortized cost basis.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

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

B. Investments (Continued)

The District's investments in federal agency securities (FHLB, FHLM, FFCB and US Treasury Notes), Commercial Paper and negotiable certificates of deposit are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. (Level 2 inputs).

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, 38% are STAR Ohio, 4% are US Treasury Notes, 3% are FHLB, 5% are FHLM, 2% are FFCB Notes, 13% are Commercial Paper and 35% 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. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$14,521,822	\$6,582,620
STAR Ohio	(4,277,526)	4,277,526
Per GASB Statement No. 3	<u>\$10,244,296</u>	<u>\$10,860,146</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half 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 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, 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.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 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, 2023, are available to finance fiscal year 2023 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 2023 receipts were based are:

	Assessed Values for Collection in:	
	2022 Second Half	2023 First Half
Agricultural/Residential and Other Real Estate	\$284,452,507	\$292,013,408
Public Utility Personal	27,433,120	25,958,510
Total Assessed Value	<u>\$311,885,627</u>	<u>\$317,971,918</u>
Tax rate per \$1,000 of assessed valuation	\$64.40	\$64.10

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 6 - PROPERTY TAXES (Continued)

Tax Abatement

The District incurs a reduction in property taxes through tax abatement agreements entered into by other governments with property owners that reduce the District's taxes.

As of June 30, 2023, another governmental entity provided tax abatements through the Community Reinvestment Area (CRA) program. Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

During fiscal year 2023, the District's property tax revenues were reduced under agreements entered into by another government as follows:

Government Entering Into Agreement	District Taxes Abated
City of Heath	\$ 1,429,673

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023 consisted of accounts, taxes and intergovernmental receivables. All receivables are expected to be collected within the next year.

NOTE 8 - INTERFUND ACTIVITY

A. Interfund Receivables and Payables

Following is a summary of interfund receivables and payables for all funds at June 30, 2023:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$296,000	\$0
Nonmajor Governmental Funds	0	296,000
Totals	<u>\$296,000</u>	<u>\$296,000</u>

The Interfund Loan is a short-term loan which will be paid back within the year. The primary purpose of the interfund balance is to cover costs in specific funds where revenues were not received by June 30, 2023.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2023:

Historical Cost:

Class	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Capital Assets not being depreciated:				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	496,659	59,435	(496,659)	59,435
Subtotal	935,611	59,435	(496,659)	498,387
Capital Assets being depreciated:				
Land Improvements	3,542,598	61,856	0	3,604,454
Buildings and Improvements	23,692,162	855,377	0	24,547,539
Furniture, Fixtures and Equipment	1,846,120	148,524	(29,897)	1,964,747
Vehicles	1,188,930	190,024	(82,087)	1,296,867
SBITA Assets	0	337,671	0	337,671
Subtotal	30,269,810	1,593,452	(111,984)	31,751,278
Total Cost	\$31,205,421	\$1,652,887	(\$608,643)	\$32,249,665

Accumulated Depreciation:

Class	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Land Improvements	(\$2,144,570)	(\$118,632)	\$0	(\$2,263,202)
Buildings and Improvements	(15,267,901)	(666,513)	0	(15,934,414)
Furniture, Fixtures and Equipment	(1,459,601)	(56,985)	14,409	(1,502,177)
Vehicles	(811,928)	(84,172)	82,087	(814,013)
SBITA Assets	0	(106,276)	0	(106,276)
Total Depreciation	(\$19,684,000)	(\$1,032,578) *	\$96,496	(\$20,620,082)
Net Value:	\$11,521,421			\$11,629,583

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$513,231
Support Services:	
Pupils	31,130
Instructional Staff	21,152
Administration	37,043
Fiscal Services	1,563
Operations and Maintenance of Plant	52,110
Pupil Transportation	97,227
Central	3,418
Operation of Non-Instructional Services:	
Food Service	51,817
Extracurricular Activities	223,887
Total Depreciation Expense	<u>\$1,032,578</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

A. 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, 2023

NOTE 10 - 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 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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2022, the Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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, 2023, the allocation to pension, death benefits, and Medicare B was 14 percent. No amount was allocated to the Health Care Fund.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

The District's contractually required contribution to SERS was \$378,898 for fiscal year 2023. Of this amount \$20,767 is reported as an intergovernmental payable.

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.

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. Effective July 1, 2017, cost-of-living adjustment (COLA) was reduced to 0%. Members are eligible to retire at age 60 with five year 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 increased effective August 1, 2015. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be 5 years of qualifying service credit and age 65, or 35 years of service credit, regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 10 - 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. For the fiscal year ended June 30, 2023, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,253,834 for fiscal year 2023. Of this amount \$195,832 is reported as an intergovernmental payable.

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, 2022, 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:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$3,808,115	\$15,291,421	\$19,099,536
Proportion of the Net Pension Liability -2023	0.0704062%	0.0687869%	
Proportion of the Net Pension Liability -2022	0.0704251%	0.0698621%	
Percentage Change	(0.0000189%)	(0.0010752%)	
Pension Expense	\$330,085	\$1,986,080	\$2,316,165

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements **For the Fiscal Year Ended June 30, 2023**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, 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>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$154,233	\$195,749	\$349,982
Change of assumptions	37,575	1,829,925	1,867,500
Net difference between projected and actual earnings on pension plan investments	0	532,106	532,106
District contributions subsequent to the measurement date	378,898	1,253,834	1,632,732
Changes in proportionate share	37,107	659,413	696,520
Total Deferred Outflows of Resources	<u>\$607,813</u>	<u>\$4,471,027</u>	<u>\$5,078,840</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$24,999	\$58,493	\$83,492
Changes of assumptions	0	1,377,407	1,377,407
Net difference between projected and actual earnings on pension plan investments	132,888	0	132,888
Changes in proportionate share	0	160,820	160,820
Total Deferred Inflows of Resources	<u>\$157,887</u>	<u>\$1,596,720</u>	<u>\$1,754,607</u>

\$1,632,732 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 fiscal year ending June 30, 2024. 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:			
2024	\$52,853	\$281,303	\$334,156
2025	(12,828)	124,484	111,656
2026	(189,829)	(336,115)	(525,944)
2027	220,832	1,550,801	1,771,633
Total	<u>\$71,028</u>	<u>\$1,620,473</u>	<u>\$1,691,501</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 10 - 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, 2022, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed June 30, 2020.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

The long-term return expectation for the Pension Plan Investments has been determined by 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. 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced 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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00%	(0.45%)
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00 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 (7.00 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 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$5,605,363	\$3,808,115	\$2,293,958

State Teachers Retirement System (STRS)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2022 actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

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:

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long Term Expected Rate of Return*
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. 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, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

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 7.00 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$23,099,771	\$15,291,421	\$8,687,975

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS

A. Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability (asset) for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability (asset) 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded OPEB liabilities within 30 years. If the OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

B. Plan Description

School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Plan Description (Continued)

In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, 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 pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, 0.0 percent of covered payroll was contributed to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$52,302.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$52,302 for fiscal year 2023, which is reported as an intergovernmental payable.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio 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 2023, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund.

C. OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the pension and OPEB plans relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$1,008,354	(\$1,781,122)	
Proportion of the Net OPEB Liability (Asset) -2023	0.0718193%	0.0687869%	
Proportion of the Net OPEB Liability (Asset) -2022	0.0723083%	0.0698621%	
Percentage Change	(0.0004890%)	(0.0010752%)	
OPEB Expense	(\$29,459)	(\$311,728)	(\$341,187)

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements **For the Fiscal Year Ended June 30, 2023**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

C. OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$8,476	\$25,821	\$34,297
Changes of assumptions	160,390	75,873	236,263
Net difference between projected and actual earnings on OPEB plan investments	5,240	31,005	36,245
Changes in proportionate share	120,835	21,417	142,252
District contributions subsequent to the measurement date	52,302	0	52,302
Total Deferred Outflows of Resources	<u>\$347,243</u>	<u>\$154,116</u>	<u>\$501,359</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$645,009	\$267,495	\$912,504
Changes of assumptions	413,937	1,262,986	1,676,923
Changes in proportionate share	35,491	0	35,491
Total Deferred Inflows of Resources	<u>\$1,094,437</u>	<u>\$1,530,481</u>	<u>\$2,624,918</u>

\$52,302 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	(\$163,381)	(\$400,238)	(\$563,619)
2025	(175,083)	(394,027)	(569,110)
2026	(158,713)	(188,642)	(347,355)
2027	(101,336)	(78,773)	(180,109)
2028	(74,698)	(103,861)	(178,559)
Thereafter	(126,285)	(210,824)	(337,109)
Total	<u>(\$799,496)</u>	<u>(\$1,376,365)</u>	<u>(\$2,175,861)</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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 OPEB liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Medical Trend Assumption	
Medicare - Measurement Date	5.125 to 4.40 percent
Pre-Medicare - Measurement Date	6.75 to 4.40 percent
Medicare - Prior Measurement Date	5.125 to 4.40 percent
Pre-Medicare - Prior Measurement Date	6.75 to 4.40 percent

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2021 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00%	(0.45%)
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	<u>100.00%</u>	

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure the total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2021 and the June 30, 2022 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,252,386	\$1,008,354	\$811,347

	1% Decrease (6.00% Decreasing to 3.40%)	Current Trend Rate (7.00% Decreasing to 4.40%)	1% Increase (8.00% Decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$777,619	\$1,008,354	\$1,309,723

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2023*

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.00%
Health Care Cost Trends	
Pre-Medicare	7.50% initial, 3.94% ultimate
Medicare	(68.78%) initial, 3.94% ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00% was used to measure the total OPEB liability as of June 30, 2022.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount and Health Care Cost Trend Rates – The net OPEB liability (asset) is sensitive to changes in the discount and health care cost trend rates. To illustrate the potential impact the following table presents the net OPEB liability (asset) calculated using the discount rate of 7.00 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate. Also shown is the net OPEB liability (asset) calculated using a health care cost trend rate this is one percentage point lower and one percentage point higher.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net OPEB liability (asset)	(\$1,646,601)	(\$1,781,122)	(\$1,896,352)

	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
School District's proportionate share of the net OPEB liability (asset)	(\$1,847,457)	(\$1,781,122)	(\$1,697,391)

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 12 - 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 amount of the 2005 refunding, \$9,999,987, was used to refund the \$16,247,718 bond. The 2015 refunding of \$7,340,000 was used to partially refund the 2005 refunding. All refunded bonds have \$0 outstanding balance at June 30, 2023 because they have been called.

Detail of the changes in the bonds, SBITA liability and compensated absences of the District for the year ended June 30, 2023 is as follows:

		Balance June 30, 2022	Issued	Retired	Balance June 30, 2023	Due Within One Year
Governmental Activities:						
General Obligation Bonds Payable:						
School Improvement Bonds-Refunding-2015	2-4%	\$5,415,000	\$0	(\$1,010,000)	\$4,405,000	\$1,050,000
Premium on Refunding Bonds		224,092	0	(44,818)	179,274	0
Total General Obligation Bonds Payable		5,639,092	0	(1,054,818)	4,584,274	1,050,000
SBITA Liability		0	152,667	(50,004)	102,663	52,504
Compensated Absences		1,589,822	1,844,944	(1,589,822)	1,844,944	148,850
Total Governmental Activities		\$7,228,914	\$1,997,611	(\$2,694,644)	\$6,531,881	\$1,251,354

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, 2023, follows:

	General Obligation Bonds Payable	
Years	Principal	Interest
2024	\$1,050,000	\$119,213
2025	1,085,000	84,375
2026	1,120,000	51,300
2027	1,150,000	17,250
Totals	\$4,405,000	\$272,138

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2023*

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

B. Subscription Based Information Technology Arrangements

The District is in several contracts for the right to use information technology software for various instructional and financial purposes. The contracts range from two to three years. SBITA payments have been reclassified and are reflected as debt service expenditures paid out of the General Fund and the ESSER Fund in the financial statements for the governmental funds. These expenditures are reflected as function expenditures on the budgetary statements.

The following is a schedule of the future minimum SBITA payments as of June 30, 2023:

Fiscal Years	Governmental Activities		
	Principal	Interest	Total
2024	\$52,504	\$5,133	\$57,637
2025	50,159	2,508	52,667
Totals	<u>\$102,663</u>	<u>\$7,641</u>	<u>\$110,304</u>

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

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 2023 the District contracted with the Ohio School Plan (the "Plan") for various insurance coverages, which is in turn reinsured by a number of reinsurance companies. The Plan is (established per ORC § 2744.081) an unincorporated, nonprofit association of its members and an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs, and other administrative services. Pursuant to ORC § 2744.081, the Plan is deemed a separate legal entity for the purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan include public school districts, educational service centers, joint vocational schools, centers of government, boards of developmental disabilities, and community colleges in the state of Ohio which are eligible to participate under applicable statute, ruling, or law subject to certain underwriting standards as deemed appropriate by the Plan and its administrator. The Plan had 303 participating members as of December 31, 2022. Likewise through the Ohio School Plan the District was a member of a cyber risk insurance pool with other school districts.

Coverage	Deductible	Coverage Limits
Fleet Insurance:		
Liability		\$4 mil.
Under Insured Motorist		\$1 mil.
Medical		\$5,000
Comprehensive	Busses: \$1,000	Lesser of cash
	Other: \$250	value or repair cost
Collision	Busses: \$1,000	Lesser of cash
	Other: \$500	value or repair cost
Buildings and Contents	\$1,000	\$75,050,358
		\$4 mil. per occurrence
School District Liability	\$2,500	\$6 mil. aggregate
		\$4 mil. per occurrence
Educational Fiduciary and Employee Benefits Liability	\$2,500	\$6 mil. aggregate
		\$4 mil. per occurrence
School Leaders Errors and Omissions	\$2,500	\$6 mil. aggregate
Employee Theft and Crime	\$500	\$100,000
Violent Acts		\$1 mil. aggregate
		\$3 mil. member aggregate
		\$50 mil. pool aggregate
Cyber	\$25,000	

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 13 - RISK MANAGEMENT (Continued)

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

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.

The District provides health care coverage through the Ohio School Benefits Cooperative (Consortium) which administers a "fully-funded" health plan for its member school districts allowing a "pooling" of covered individuals and their claims. Muskingum Valley ESC acts as the consortium's fiscal agent and maintains the Consortium Fund. The Consortium contracts with a third party plan administrator that handles the plan's claims and other administrative services (currently Medical Mutual of Ohio). The District contracts with EyeMed and Delta Dental to provide vision and dental care insurance commercial coverage.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

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, 2023, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2022	\$0
Current Year Additions	382,437
Current Year Disbursements	<u>(382,437)</u>
Totals	<u>\$0</u>
Balance Carried Forward to FY 2024	<u>\$0</u>

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

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 council of governments. LACA is an association of public school districts within the boundaries of Licking, Muskingum, Knox, Fairfield, and Perry 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 eighteen members made up of the eighteen district superintendents or their designees. The District paid LACA \$146,192 for services provided during the fiscal 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. State Support Team Region 11

The District participates in the State Support Team (SST11) Region 11, a jointly governed organization consisting of educational entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The purpose of the SST11 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 SST11 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 SST11, 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.

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, 2023, 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, 2023.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 17 – OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. Encumbrances outstanding at fiscal year-end were as follows:

Governmental Funds:	
General Fund	\$374,064
Other Governmental Funds	<u>122,588</u>
Total Governmental Funds	<u><u>\$496,652</u></u>

NOTE 18 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2023 of \$158,502 in the Elementary and Secondary School Emergency Relief Fund, \$57,273 in the Title VI-B Fund, \$73,069 in the Title I Fund, \$34 in the Drug Free School Grant Fund, \$6,259 in the IDEA Preschool Grant for the Handicapped Fund and \$45,013 in the Other Federal Grants Fund (special revenue funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

NOTE 19 – COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

HEATH CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

HEATH CITY SCHOOL DISTRICT

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

State Teachers Retirement System

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.05974744%	0.05974744%	0.06042891%	0.06160468%
District's proportionate share of the net pension liability	\$17,311,192	\$14,532,645	\$16,700,783	\$20,620,943
District's covered payroll	\$6,661,546	\$6,196,446	\$6,143,793	\$6,625,093
District's proportionate share of the net pension liability as a percentage of its covered payroll	259.87%	234.53%	271.83%	311.26%
Plan fiduciary net position as a percentage of the total pension liability	69.30%	74.70%	72.10%	66.80%

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

School Employees Retirement System

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.052246%	0.052246%	0.06019250%	0.06282560%
District's proportionate share of the net pension liability	\$3,106,902	\$2,644,140	\$3,434,642	\$4,598,254
District's covered payroll	\$1,929,429	\$1,526,782	\$1,760,425	\$1,951,129
District's proportionate share of the net pension liability as a percentage of its covered payroll	161.03%	173.18%	195.10%	235.67%
Plan fiduciary net position as a percentage of the total pension liability	65.52%	71.70%	69.16%	62.98%

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

Notes: The District implemented GASB Statement 68 in 2015.

Amounts presented as of the District's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

HEATH CITY SCHOOL DISTRICT

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.06196745%	0.06307086%	0.06481946%	0.06708714%	0.06986213%	0.06878693%
\$14,720,501	\$13,867,866	\$14,334,434	\$16,232,701	\$8,932,501	\$15,291,421
\$6,743,314	\$7,242,279	\$7,571,543	\$7,996,893	\$8,663,329	\$9,355,607
218.30%	191.48%	189.32%	202.99%	103.11%	163.45%
75.30%	77.30%	77.40%	75.48%	87.78%	78.88%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.06279870%	0.06748890%	0.06594270%	0.06778990%	0.07042510%	0.07040620%
\$3,752,084	\$3,865,214	\$3,945,467	\$4,483,767	\$2,598,482	\$3,808,115
\$2,087,236	\$2,127,704	\$2,227,059	\$2,289,671	\$2,388,679	\$2,980,950
179.76%	181.66%	177.16%	195.83%	108.78%	127.75%
69.50%	71.36%	70.85%	68.55%	82.86%	75.82%

HEATH CITY SCHOOL DISTRICT

***Required Supplementary Information
Schedule of District's Pension Contributions
Last Ten Fiscal Years***

State Teachers Retirement System

Fiscal Year	2014	2015	2016	2017
Contractually required contribution	\$805,538	\$860,131	\$927,513	\$944,064
Contributions in relation to the contractually required contribution	805,538	860,131	927,513	944,064
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$6,196,446	\$6,143,793	\$6,625,093	\$6,743,314
Contributions as a percentage of covered payroll	13.00%	14.00%	14.00%	14.00%

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

School Employees Retirement System

Fiscal Year	2014	2015	2016	2017
Contractually required contribution	\$211,612	\$232,024	\$273,158	\$292,213
Contributions in relation to the contractually required contribution	211,612	232,024	273,158	292,213
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$1,526,782	\$1,760,425	\$1,951,129	\$2,087,236
Contributions as a percentage of covered payroll	13.86%	13.18%	14.00%	14.00%

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

Notes: The District implemented GASB Statement 68 in 2015.

See accompanying notes to the required supplementary information

HEATH CITY SCHOOL DISTRICT

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$1,013,919	\$1,060,016	\$1,119,565	\$1,212,866	\$1,309,785	\$1,253,834
<u>1,013,919</u>	<u>1,060,016</u>	<u>1,119,565</u>	<u>1,212,866</u>	<u>1,309,785</u>	<u>1,253,834</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,242,279	\$7,571,543	\$7,996,893	\$8,663,329	\$9,355,607	\$8,955,957
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$287,240	\$300,653	\$320,554	\$334,415	\$417,333	\$378,898
<u>287,240</u>	<u>300,653</u>	<u>320,554</u>	<u>334,415</u>	<u>417,333</u>	<u>378,898</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,127,704	\$2,227,059	\$2,289,671	\$2,388,679	\$2,980,950	\$2,706,414
13.50%	13.50%	14.00%	14.00%	14.00%	14.00%

HEATH CITY SCHOOL DISTRICT

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability (Asset)

Last Seven Fiscal Years

State Teachers Retirement System

Fiscal Year	2017	2018	2019
District's proportion of the net OPEB liability (asset)	0.06160468%	0.06196745%	0.06307086%
District's proportionate share of the net OPEB liability (asset)	\$3,294,634	\$2,417,741	(\$1,013,484)
District's covered payroll	\$6,625,093	\$6,743,314	\$7,242,279
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	49.73%	35.85%	(13.99%)
Plan fiduciary net position as a percentage of the total OPEB liability	37.30%	47.10%	176.00%

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

School Employees Retirement System

Fiscal Year	2017	2018	2019
District's proportion of the net OPEB liability	0.06302890%	0.06310650%	0.06804590%
District's proportionate share of the net OPEB liability	\$1,796,557	\$1,693,613	\$1,887,777
District's covered payroll	\$1,951,129	\$2,087,236	\$2,127,704
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	92.08%	81.14%	88.72%
Plan fiduciary net position as a percentage of the total OPEB liability	11.49%	12.46%	13.57%

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

Notes: The District implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability (Asset), which is the prior year end.

See accompanying notes to the required supplementary information

HEATH CITY SCHOOL DISTRICT

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.06481946%	0.06708714%	0.06986213%	0.06878693%
(\$1,073,566)	(\$1,179,055)	(\$1,472,988)	(\$1,781,122)
\$7,571,543	\$7,996,893	\$8,663,329	\$9,355,607
(14.18%)	(14.74%)	(17.00%)	(19.04%)
174.74%	182.13%	174.73%	230.73%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.06732910%	0.07016370%	0.07230830%	0.07181930%
\$1,693,185	\$1,524,887	\$1,368,494	\$1,008,354
\$2,227,059	\$2,289,671	\$2,388,679	\$2,980,950
76.03%	66.60%	57.29%	33.83%
15.57%	18.17%	24.08%	30.34%

HEATH CITY SCHOOL DISTRICT

Required Supplementary Information
Schedule of District's Other Postemployment Benefit (OPEB) Contributions
Last Ten Fiscal Years

State Teachers Retirement System

	2014	2015	2016	2017
Contractually required contribution	\$61,964	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	61,964	0	0	0
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$6,196,446	\$6,143,793	\$6,625,093	\$6,743,314
Contributions as a percentage of covered payroll	1.00%	0.00%	0.00%	0.00%

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

School Employees Retirement System

	2014	2015	2016	2017
Contractually required contribution	\$27,849	\$45,014	\$29,156	\$31,528
Contributions in relation to the contractually required contribution	27,849	45,014	29,156	31,528
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$1,526,782	\$1,760,425	\$1,951,129	\$2,087,236
Contributions as a percentage of covered payroll	1.82%	2.56%	1.49%	1.51%

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

Notes: The District implemented GASB Statement 75 in 2018.

See accompanying notes to the required supplementary information

HEATH CITY SCHOOL DISTRICT

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,242,279	\$7,571,543	\$7,996,893	\$8,663,329	\$9,355,607	\$8,955,957
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$45,529	\$51,063	\$44,215	\$45,024	\$46,027	\$52,302
<u>45,529</u>	<u>51,063</u>	<u>44,215</u>	<u>45,024</u>	<u>46,027</u>	<u>52,302</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,127,704	\$2,227,059	\$2,289,671	\$2,388,679	\$2,980,950	\$2,706,414
2.14%	2.29%	1.93%	1.88%	1.54%	1.93%

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET PENSION LIABILITY

SERS

Changes in benefit terms – For fiscal years 2023 through 2019, there were no changes to benefit terms. For fiscal year 2018, the following were the most significant changes in benefits that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2015 through 2017.

Changes in assumptions

For fiscal year 2023, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2022 and prior are presented below:

- Cost of living adjustment was increased from 2.00% to 2.50%.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll growth assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%
- The discount rate was reduced from 7.50% to 7.00%
- Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET PENSION LIABILITY (Continued)

SERS (Continued)

- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

For fiscal years 2021, 2020, and 2019 there were no changes in assumptions.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disable member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2015 through 2017.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET PENSION LIABILITY (Continued)

STRS

Changes in benefit terms – For fiscal years 2023 through 2019, there were no changes to benefit terms. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2015 through 2017.

Changes in assumptions

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Total salary increase rates were lowered to a range of 2.5 percent to 8.5 percent.
- Updated the health and disability mortality assumptions to the Pub-2010 Teachers Healthy Annuitant Mortality Table projected forward generationally using mortality improvement scale MP-2020.
- Demographic assumptions were modified to reflect the June 30, 2021 experience study.

In fiscal year 2022 the investment return was lowered from 7.45 percent to 7.00 percent. For fiscal year 2021, 2020, and 2019, there were no changes in assumptions. For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2015 through 2017.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET OPEB LIABILITY (ASSET)

SERS

Changes in benefit terms – There were no changes to benefit terms for fiscal years 2023 - 2018.

Changes in assumptions

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 2.27% to 4.08%

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- Mortality among disabled member was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75 percent, 2020 – 7.00 to 4.75

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STRS

Changes in benefit terms

For fiscal year 2023 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

For fiscal year 2022 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2021 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

There were no changes to benefit terms for fiscal year 2017.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

Changes in assumptions

For fiscal year 2023 there were no changes in assumptions.

In fiscal year 2022 the investment return was lowered from 7.45 percent to 7.00 percent.

For fiscal year 2021 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to (6.69) percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5.00 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.50 initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 6 percent to 4.93 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5 percent to 5.87 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 8 percent to 9.62 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from -5.23 percent to 7.73 initial, 4 percent ultimate

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 6 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

There were no changes in assumptions for fiscal year 2017.

HEATH CITY SCHOOL DISTRICT

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

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

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Food Service Fund

To record financial transactions associated with food service operations.

Uniform School Supply Fund

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

Student Managed Activity Fund

To account for student activity programs which have student participation in the activity and have student management of the programs.

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.

Data Communications Fund

To account for monies received to assist the District with data connectivity for student instruction and communications. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year end.)

(Continued)

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds (continued)

Other State Grants Fund

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

Elementary and Secondary School Emergency Relief Fund

To account for federal monies received to address the impact COVID-19 had and continues to have on elementary and secondary schools.

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.

Title III Limited English Proficiency Fund

To account for federal monies for elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I Fund

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

Drug Free School Grant Fund

To account for federal monies received which are used to strengthen programs that prevent the illegal use of alcohol, tobacco and drugs in and around schools.

IDEA Preschool Grant For the Handicapped Fund

To account for federal grant funds to be used for the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

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

Other Federal Grants Fund

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

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Debt Service Fund

The Debt Service Fund is used to account for retirement of the District's general long-term debt.

Bond Retirement Fund

This fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds

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

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, 2023***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 887,403	\$ 1,135,167	\$ 2,022,570
Receivables:			
Taxes	0	1,445,536	1,445,536
Intergovernmental	339,226	0	339,226
Inventory	33,234	0	33,234
Prepaid Items	24,192	3,415	27,607
Total Assets	<u><u>\$ 1,284,055</u></u>	<u><u>\$ 2,584,118</u></u>	<u><u>\$ 3,868,173</u></u>
Liabilities:			
Accounts Payable	\$ 7,370	\$ 26,456	\$ 33,826
Accrued Wages and Benefits	184,322	0	184,322
Intergovernmental Payable	27,359	0	27,359
Interfund Loans Payable	296,000	0	296,000
Unearned Revenue	63,353	0	63,353
Total Liabilities	<u>578,404</u>	<u>26,456</u>	<u>604,860</u>
Deferred Inflows of Resources:			
Property Taxes	0	1,218,107	1,218,107
Unavailable Revenue	339,226	15,079	354,305
Total Deferred Inflows of Resources	<u>339,226</u>	<u>1,233,186</u>	<u>1,572,412</u>
Fund Balances:			
Nonspendable	57,426	3,415	60,841
Restricted	665,341	1,321,061	1,986,402
Unassigned	(356,342)	0	(356,342)
Total Fund Balances	<u>366,425</u>	<u>1,324,476</u>	<u>1,690,901</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 1,284,055</u></u>	<u><u>\$ 2,584,118</u></u>	<u><u>\$ 3,868,173</u></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, 2023***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Local Sources:			
Taxes	\$ 0	\$ 1,504,584	\$ 1,504,584
Food Services	488,027	0	488,027
Investment Earnings	7,016	37,170	44,186
Extracurricular Activities	208,382	0	208,382
Intermediate Sources	4,753	0	4,753
Intergovernmental - State	131,545	41,579	173,124
Intergovernmental - Federal	2,721,173	0	2,721,173
All Other Revenue	148,813	0	148,813
Total Revenue	3,709,709	1,583,333	5,293,042
Expenditures:			
Current:			
Instruction	977,935	175,745	1,153,680
Supporting Services:			
Pupils	453,096	0	453,096
Instructional Staff	220,297	0	220,297
Administration	45,662	0	45,662
Fiscal Services	0	20,850	20,850
Operation and Maintenance of Plant	35,280	0	35,280
Pupil Transportation	96,259	155,822	252,081
Central	32,200	3,805	36,005
Operation of Non-Instructional Services:			
Community Services	12,687	0	12,687
Food Service Operations	1,247,576	0	1,247,576
Extracurricular Activities	191,743	9,475	201,218
Capital Outlay	220,058	589,383	809,441
Debt Service:			
Principal Retirement	13,738	0	13,738
Interest and Fiscal Charges	2,165	0	2,165
Total Expenditures	3,548,696	955,080	4,503,776
Excess (Deficiency) of Revenues Over Expenditures	161,013	628,253	789,266

(Continued)

HEATH CITY SCHOOL DISTRICT

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Other Financing Sources (Uses):			
Other Financing Source - SBITA	43,308	0	43,308
Total Other Financing Sources (Uses)	<u>43,308</u>	<u>0</u>	<u>43,308</u>
Net Change in Fund Balance	204,321	628,253	832,574
Fund Balances at Beginning of Year	<u>162,104</u>	<u>696,223</u>	<u>858,327</u>
Fund Balances End of Year	<u><u>\$ 366,425</u></u>	<u><u>\$ 1,324,476</u></u>	<u><u>\$ 1,690,901</u></u>

HEATH CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023**

	Food Service	Other Grants	Student Managed Activity	District Managed Student Activity
Assets:				
Cash and Cash Equivalents	\$ 607,033	\$ 4,771	\$ 64,053	\$ 61,595
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Inventory	33,234	0	0	0
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 640,267</u>	<u>\$ 4,771</u>	<u>\$ 64,053</u>	<u>\$ 61,595</u>
Liabilities:				
Accounts Payable	\$ 416	\$ 0	\$ 0	\$ 3,458
Accrued Wages and Benefits	55,369	0	0	776
Intergovernmental Payable	12,584	0	0	120
Interfund Loans Payable	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	<u>68,369</u>	<u>0</u>	<u>0</u>	<u>4,354</u>
Deferred Inflows of Resources:				
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	33,234	0	0	0
Restricted	538,664	4,771	64,053	57,241
Unassigned	0	0	0	0
Total Fund Balances (Deficit)	<u>571,898</u>	<u>4,771</u>	<u>64,053</u>	<u>57,241</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 640,267</u>	<u>\$ 4,771</u>	<u>\$ 64,053</u>	<u>\$ 61,595</u>

HEATH CITY SCHOOL DISTRICT

Auxiliary Services	Other State Grants	Elementary and Secondary School Emergency Relief	Title VI-B	Title III Limited English Proficiency	Title I
\$ 339	\$ 0	\$ 64,396	\$ 6,392	\$ 273	\$ 241
0	0	0	0	0	0
0	45,000	104,179	59,217	0	72,564
0	0	0	0	0	0
0	8,000	16,192	0	0	0
<u>\$ 339</u>	<u>\$ 53,000</u>	<u>\$ 184,767</u>	<u>\$ 65,609</u>	<u>\$ 273</u>	<u>\$ 72,805</u>
\$ 0	\$ 0	\$ 0	\$ 3,496	\$ 0	\$ 0
0	0	70,257	2,169	0	34,805
0	0	8,833	0	0	505
0	0	160,000	58,000	0	38,000
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>239,090</u>	<u>63,665</u>	<u>0</u>	<u>73,310</u>
<u>0</u>	<u>45,000</u>	<u>104,179</u>	<u>59,217</u>	<u>0</u>	<u>72,564</u>
<u>0</u>	<u>45,000</u>	<u>104,179</u>	<u>59,217</u>	<u>0</u>	<u>72,564</u>
0	8,000	16,192	0	0	0
339	0	0	0	273	0
0	0	(174,694)	(57,273)	0	(73,069)
<u>339</u>	<u>8,000</u>	<u>(158,502)</u>	<u>(57,273)</u>	<u>273</u>	<u>(73,069)</u>
<u>\$ 339</u>	<u>\$ 53,000</u>	<u>\$ 184,767</u>	<u>\$ 65,609</u>	<u>\$ 273</u>	<u>\$ 72,805</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Drug Free School Grant	IDEA Preschool Grant for the Handicapped	Other Federal Grants	Total Nonmajor Special Revenue Funds
Assets:				
Cash and Cash Equivalents	\$ 11,966	\$ 741	\$ 65,603	\$ 887,403
Receivables:				
Accounts	0	0	0	0
Intergovernmental	34	6,259	51,973	339,226
Inventory	0	0	0	33,234
Prepaid Items	0	0	0	24,192
Total Assets	<u>\$ 12,000</u>	<u>\$ 7,000</u>	<u>\$ 117,576</u>	<u>\$ 1,284,055</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 7,370
Accrued Wages and Benefits	0	0	20,946	184,322
Intergovernmental Payable	0	0	5,317	27,359
Interfund Loans Payable	12,000	7,000	21,000	296,000
Unearned Revenue	0	0	63,353	63,353
Total Liabilities	<u>12,000</u>	<u>7,000</u>	<u>110,616</u>	<u>578,404</u>
Deferred Inflows of Resources:				
Unavailable Revenue	34	6,259	51,973	339,226
Total Deferred Inflows of Resources	<u>34</u>	<u>6,259</u>	<u>51,973</u>	<u>339,226</u>
Fund Balances:				
Nonspendable	0	0	0	57,426
Restricted	0	0	0	665,341
Unassigned	(34)	(6,259)	(45,013)	(356,342)
Total Fund Balances (Deficit)	<u>(34)</u>	<u>(6,259)</u>	<u>(45,013)</u>	<u>366,425</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,000</u>	<u>\$ 7,000</u>	<u>\$ 117,576</u>	<u>\$ 1,284,055</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, 2023

	Food Service	Other Grants	Student Managed Activity	District Managed Student Activity
Revenues:				
Local Sources:				
Food Services	\$ 488,027	\$ 0	\$ 0	\$ 0
Investment Earnings	5,794	18	354	591
Extracurricular Activities	0	0	47,179	161,203
Class Materials and Fees	0	0	0	0
Intermediate Sources	0	4,753	0	0
Intergovernmental - State	10,987	0	0	0
Intergovernmental - Federal	669,636	0	0	0
All Other Revenue	110,234	0	3,536	35,043
Total Revenue	<u>1,284,678</u>	<u>4,771</u>	<u>51,069</u>	<u>196,837</u>
Expenditures:				
Current:				
Instruction	0	0	0	0
Supporting Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Community Services	0	0	0	0
Food Service Operations	1,247,576	0	0	0
Extracurricular Activities	0	0	38,589	153,154
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>1,247,576</u>	<u>0</u>	<u>38,589</u>	<u>153,154</u>
Excess (Deficiency) of Revenues Over Expenditures	37,102	4,771	12,480	43,683
Other Financing Sources (Uses):				
Other Financing Source - SBITA	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	37,102	4,771	12,480	43,683
Fund Balances at Beginning of Year	534,796	0	51,573	13,558
Fund Balances End of Year	<u>\$ 571,898</u>	<u>\$ 4,771</u>	<u>\$ 64,053</u>	<u>\$ 57,241</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2023

	Auxiliary Services	Data Communication	Other State Grants	Elementary and Secondary School Emergency Relief
Revenues:				
Local Sources:				
Food Services	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	0	0
Extracurricular Activities	0	0	0	0
Class Materials and Fees	0	0	0	0
Intermediate Sources	0	0	0	0
Intergovernmental - State	0	7,200	113,358	0
Intergovernmental - Federal	0	0	0	920,301
All Other Revenue	0	0	0	0
Total Revenue	<u>0</u>	<u>7,200</u>	<u>113,358</u>	<u>920,301</u>
Expenditures:				
Current:				
Instruction	0	0	0	362,215
Supporting Services:				
Pupils	0	0	0	310,244
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	35,280	0
Pupil Transportation	0	0	90,000	0
Central	0	7,200	0	0
Operation of Non-Instructional Services:				
Community Services	0	0	0	0
Food Service Operations	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	183,411
Debt Service:				
Principal Retirement	0	0	0	13,738
Interest and Fiscal Charges	0	0	0	2,165
Total Expenditures	<u>0</u>	<u>7,200</u>	<u>125,280</u>	<u>871,773</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(11,922)	48,528
Other Financing Sources (Uses):				
Other Financing Source - SBITA	0	0	0	43,308
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,308</u>
Net Change in Fund Balance	0	0	(11,922)	91,836
Fund Balances at Beginning of Year	339	0	19,922	(250,338)
Fund Balances End of Year	<u>\$ 339</u>	<u>\$ 0</u>	<u>\$ 8,000</u>	<u>\$ (158,502)</u>

HEATH CITY SCHOOL DISTRICT

Title VI-B	Title III Limited English Proficiency	Title I	Drug Free School Grant	IDEA Preschool Grant for the Handicapped	Improving Teacher Quality
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
425,470	689	284,766	20,206	0	57,682
0	0	0	0	0	0
425,470	689	284,766	20,206	0	57,682
237,422	960	302,082	0	0	0
129,368	0	0	6,240	0	0
0	0	0	0	0	53,182
24,618	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	6,259	0
0	0	0	0	0	0
7,907	0	4,780	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
399,315	960	306,862	6,240	6,259	53,182
26,155	(271)	(22,096)	13,966	(6,259)	4,500
0	0	0	0	0	0
0	0	0	0	0	0
26,155	(271)	(22,096)	13,966	(6,259)	4,500
(83,428)	544	(50,973)	(14,000)	0	(4,500)
\$ (57,273)	\$ 273	\$ (73,069)	\$ (34)	\$ (6,259)	\$ 0

(Continued)

HEATH CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023***

	Other Federal Grants	Total Nonmajor Special Revenue Funds
Revenues:		
Local Sources:		
Food Services	\$ 0	\$ 488,027
Investment Earnings	259	7,016
Extracurricular Activities	0	208,382
Class Materials and Fees	0	0
Intermediate Sources	0	4,753
Intergovernmental - State	0	131,545
Intergovernmental - Federal	342,423	2,721,173
All Other Revenue	0	148,813
Total Revenue	<u>342,682</u>	<u>3,709,709</u>
Expenditures:		
Current:		
Instruction	75,256	977,935
Supporting Services:		
Pupils	7,244	453,096
Instructional Staff	167,115	220,297
Administration	21,044	45,662
Operation and Maintenance of Plant	0	35,280
Pupil Transportation	0	96,259
Central	25,000	32,200
Operation of Non-Instructional Services:		
Community Services	0	12,687
Food Service Operations	0	1,247,576
Extracurricular Activities	0	191,743
Capital Outlay	36,647	220,058
Debt Service:		
Principal Retirement	0	13,738
Interest and Fiscal Charges	0	2,165
Total Expenditures	<u>332,306</u>	<u>3,548,696</u>
Excess (Deficiency) of Revenues Over Expenditures	10,376	161,013
Other Financing Sources (Uses):		
Other Financing Source - SBITA	0	43,308
Total Other Financing Sources (Uses)	<u>0</u>	<u>43,308</u>
Net Change in Fund Balance	10,376	204,321
Fund Balances at Beginning of Year	(55,389)	162,104
Fund Balances End of Year	<u>\$ (45,013)</u>	<u>\$ 366,425</u>

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2023***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 1,099,571	\$ 35,596	\$ 1,135,167
Receivables:			
Taxes	1,445,536	0	1,445,536
Prepaid Items	3,415	0	3,415
Total Assets	<u>\$ 2,548,522</u>	<u>\$ 35,596</u>	<u>\$ 2,584,118</u>
Liabilities:			
Accounts Payable	\$ 26,456	\$ 0	\$ 26,456
Total Liabilities	<u>26,456</u>	<u>0</u>	<u>26,456</u>
Deferred Inflows of Resources:			
Property Taxes	1,218,107	0	1,218,107
Unavailable Revenue	15,079	0	15,079
Total Deferred Inflows of Resources	<u>1,233,186</u>	<u>0</u>	<u>1,233,186</u>
Fund Balances:			
Nonspendable	3,415	0	3,415
Restricted	1,285,465	35,596	1,321,061
Total Fund Balances	<u>1,288,880</u>	<u>35,596</u>	<u>1,324,476</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,548,522</u>	<u>\$ 35,596</u>	<u>\$ 2,584,118</u>

HEATH CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2023***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
Local Sources:			
Taxes	\$ 1,504,584	\$ 0	\$ 1,504,584
Investment Earnings	29,878	7,292	37,170
Intergovernmental - State	41,579	0	41,579
Total Revenue	<u>1,576,041</u>	<u>7,292</u>	<u>1,583,333</u>
Expenditures:			
Current:			
Instruction	175,745	0	175,745
Supporting Services:			
Fiscal Services	20,850	0	20,850
Pupil Transportation	155,822	0	155,822
Central	3,805	0	3,805
Extracurricular Activities	9,475	0	9,475
Capital Outlay	589,383	0	589,383
Total Expenditures	<u>955,080</u>	<u>0</u>	<u>955,080</u>
Net Change in Fund Balance	620,961	7,292	628,253
Fund Balances at Beginning of Year	<u>667,919</u>	<u>28,304</u>	<u>696,223</u>
Fund Balances End of Year	<u><u>\$ 1,288,880</u></u>	<u><u>\$ 35,596</u></u>	<u><u>\$ 1,324,476</u></u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund – Bond Retirement Fund
For the Fiscal Year Ended June 30, 2023***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Taxes	\$ 1,533,800	\$ 1,533,620	\$ (180)
Intergovernmental - State	248,999	248,920	(79)
Total Revenues	<u>1,782,799</u>	<u>1,782,540</u>	<u>(259)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal Services	23,897	23,897	0
Debt Service:			
Principal Retirement	1,010,000	1,010,000	0
Interest and Fiscal Charges	<u>157,975</u>	<u>157,975</u>	<u>0</u>
Total Expenditures	<u>1,191,872</u>	<u>1,191,872</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	590,927	590,668	(259)
Fund Balance at Beginning of Year	<u>1,475,719</u>	<u>1,475,719</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,066,646</u></u>	<u><u>\$ 2,066,387</u></u>	<u><u>\$ (259)</u></u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023***

FOOD SERVICE FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Food Services	\$ 487,600	\$ 488,027	\$ 427
Investment Earnings	5,888	5,794	(94)
Intergovernmental - State	11,000	10,987	(13)
Intergovernmental - Federal	587,700	587,592	(108)
All Other Revenues	94,500	121,763	27,263
Total Revenues	<u>1,186,688</u>	<u>1,214,163</u>	<u>27,475</u>
Expenditures:			
Current:			
Non-Instructional Services:			
Food Services	<u>1,226,075</u>	<u>1,222,421</u>	<u>3,654</u>
Total Expenditures	<u>1,226,075</u>	<u>1,222,421</u>	<u>3,654</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,387)	(8,258)	31,129
Fund Balance at Beginning of Year	<u>609,788</u>	<u>609,788</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 570,401</u></u>	<u><u>\$ 601,530</u></u>	<u><u>\$ 31,129</u></u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023***

UNIFORM SCHOOL SUPPLY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 419	\$ 395	\$ (24)
Class Material and Fees	68,340	68,723	383
Total Revenues	68,759	69,118	359
Expenditures:			
Current:			
Instruction	42,386	42,072	314
Support Services:			
Central	4,600	4,567	33
Total Expenditures	46,986	46,639	347
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,773	22,479	706
Other Financing Sources (Uses):			
Transfers In	2,757	2,757	0
Total Other Financing Sources (Uses)	2,757	2,757	0
Net Change in Fund Balance	24,530	25,236	706
Fund Balance at Beginning of Year	83,887	83,887	0
Prior Year Encumbrances	457	457	0
Fund Balance at End of Year	<u>\$ 108,874</u>	<u>\$ 109,580</u>	<u>\$ 706</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, 2023***

ROTARY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 27	\$ 27	\$ 0
All Other Revenues	4,740	4,736	(4)
Total Revenues	4,767	4,763	(4)
Expenditures:			
Current:			
Instruction	1,283	1,144	139
Support Services:			
Pupils	4,305	4,050	255
Total Expenditures	5,588	5,194	394
Excess (Deficiency) of Revenues Over (Under) Expenditures	(821)	(431)	390
Fund Balance at Beginning of Year	9,118	9,118	0
Fund Balance at End of Year	\$ 8,297	\$ 8,687	\$ 390

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, 2023***

PUBLIC SCHOOL SUPPORT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 680	\$ 662	\$ (18)
All Other Revenues	118,991	115,295	(3,696)
Total Revenues	119,671	115,957	(3,714)
Expenditures:			
Current:			
Instruction	261	200	61
Support Services:			
Pupils	2,600	2,512	88
Administration	6,173	5,274	899
Central	4,900	4,817	83
Extracurricular Activities	79,542	79,403	139
Total Expenditures	93,476	92,206	1,270
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,195	23,751	(2,444)
Other Financing Sources (Uses):			
Transfers In	183	183	0
Transfers Out	(183)	(183)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	26,195	23,751	(2,444)
Fund Balance at Beginning of Year	140,558	140,558	0
Prior Year Encumbrances	389	389	0
Fund Balance at End of Year	\$ 167,142	\$ 164,698	\$ (2,444)

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, 2023***

OTHER GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 18	\$ 18	\$ 0
Intermediate Sources	4,753	4,753	0
Total Revenues	<u>4,771</u>	<u>4,771</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Pupils	53	0	53
Total Expenditures	<u>53</u>	<u>0</u>	<u>53</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,718	4,771	53
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 4,718</u>	<u>\$ 4,771</u>	<u>\$ 53</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, 2023***

STUDENT MANAGED ACTIVITY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 361	\$ 354	\$ (7)
Extracurricular Activities	44,515	47,179	2,664
All Other Revenues	3,330	3,536	206
Total Revenues	<u>48,206</u>	<u>51,069</u>	<u>2,863</u>
Expenditures:			
Current:			
Extracurricular Activities	<u>43,486</u>	<u>43,214</u>	<u>272</u>
Total Expenditures	<u>43,486</u>	<u>43,214</u>	<u>272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,720	7,855	3,135
Other Financing Sources (Uses):			
Transfers In	6,027	0	0
Transfers Out	(6,027)	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	4,720	7,855	3,135
Fund Balance at Beginning of Year	<u>56,198</u>	<u>56,198</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 60,918</u>	<u>\$ 64,053</u>	<u>\$ 3,135</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, 2023***

DISTRICT MANAGED STUDENT ACTIVITY FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 150	\$ 16	\$ (134)
Extracurricular Activities	162,590	163,203	613
All Other Revenues	<u>33,300</u>	<u>35,213</u>	<u>1,913</u>
Total Revenues	<u>196,490</u>	<u>199,007</u>	<u>2,517</u>
Expenditures:			
Current:			
Extracurricular Activities	<u>187,084</u>	<u>183,801</u>	<u>3,283</u>
Total Expenditures	<u>187,084</u>	<u>183,801</u>	<u>3,283</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,406	15,206	5,800
Fund Balance at Beginning of Year	<u>42,256</u>	<u>42,256</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 51,662</u>	<u>\$ 57,462</u>	<u>\$ 5,800</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, 2023*

AUXILIARY SERVICES FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Current:			
Non-Instructional Services:			
Community Services	2,000	2,000	0
Total Expenditures	2,000	2,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(2,000)	0
Fund Balance at Beginning of Year	2,339	2,339	0
Fund Balance at End of Year	\$ 339	\$ 339	\$ 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, 2023***

DATA COMMUNICATIONS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Central	7,200	7,200	0
Total Expenditures	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	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, 2023***

OTHER STATE GRANTS FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 113,358	\$ 113,358	\$ 0
Total Revenues	<u>113,358</u>	<u>113,358</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant	32,776	32,776	0
Pupil Transportation	<u>90,000</u>	<u>90,000</u>	<u>0</u>
Total Expenditures	<u>122,776</u>	<u>122,776</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,418)	(9,418)	0
Other Financing Sources (Uses):			
Advances Out	<u>(23,358)</u>	<u>(23,358)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(23,358)</u>	<u>(23,358)</u>	<u>0</u>
Net Change in Fund Balance	(32,776)	(32,776)	0
Fund Balance at Beginning of Year	9,418	9,418	0
Prior Year Encumbrances	<u>23,358</u>	<u>23,358</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023***

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 920,301	\$ 920,301	\$ 0
Total Revenues	<u>920,301</u>	<u>920,301</u>	<u>0</u>
Expenditures:			
Current:			
Instruction	378,154	378,154	0
Support Services:			
Pupils	290,137	290,137	0
Capital Outlay	<u>328,672</u>	<u>328,672</u>	<u>0</u>
Total Expenditures	<u>996,963</u>	<u>996,963</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,662)	(76,662)	0
Other Financing Sources (Uses):			
Advances In	160,000	160,000	0
Advances Out	<u>(370,762)</u>	<u>(370,762)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(210,762)</u>	<u>(210,762)</u>	<u>0</u>
Net Change in Fund Balance	(287,424)	(287,424)	0
Fund Balance at Beginning of Year	1,782	1,782	0
Prior Year Encumbrances	<u>341,450</u>	<u>341,450</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 55,808</u></u>	<u><u>\$ 55,808</u></u>	<u><u>\$ 0</u></u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023***

TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 425,470	\$ 425,470	\$ 0
Total Revenues	<u>425,470</u>	<u>425,470</u>	<u>0</u>
Expenditures:			
Current:			
Instruction	275,754	275,754	0
Support Services:			
Pupils	140,412	140,412	0
Administration	24,780	24,780	0
Non-Instructional Services:			
Community Services	7,907	7,907	0
Total Expenditures	<u>448,853</u>	<u>448,853</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,383)	(23,383)	0
Other Financing Sources (Uses):			
Advances In	58,000	58,000	0
Advances Out	(36,470)	(36,470)	0
Total Other Financing Sources (Uses)	<u>21,530</u>	<u>21,530</u>	<u>0</u>
Net Change in Fund Balance	(1,853)	(1,853)	0
Fund Balance at Beginning of Year	2,071	2,071	0
Fund Balance at End of Year	<u>\$ 218</u>	<u>\$ 218</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, 2023***

TITLE III LIMITED ENGLISH PROFICIENCY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 689	\$ 689	\$ 0
Total Revenues	<u>689</u>	<u>689</u>	<u>0</u>
Expenditures:			
Current:			
Instruction	2,160	2,160	0
Total Expenditures	<u>2,160</u>	<u>2,160</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,471)	(1,471)	0
Fund Balance at Beginning of Year	1,744	1,744	0
Fund Balance at End of Year	<u>\$ 273</u>	<u>\$ 273</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, 2023***

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental - Federal	\$ 284,766	\$ 284,766	\$ 0
Total Revenues	<u>284,766</u>	<u>284,766</u>	<u>0</u>
Expenditures:			
Current:			
Instruction	300,917	300,917	0
Non-Instructional Services:			
Community Services	<u>4,780</u>	<u>4,780</u>	<u>0</u>
Total Expenditures	<u>305,697</u>	<u>305,697</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,931)	(20,931)	0
Other Financing Sources (Uses):			
Advances In	38,000	38,000	0
Advances Out	<u>(16,828)</u>	<u>(16,828)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>21,172</u>	<u>21,172</u>	<u>0</u>
Net Change in Fund Balance	241	241	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 241</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ 0</u></u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023***

DRUG FREE SCHOOL GRANT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 20,206	\$ 20,206	\$ 0
Total Revenues	20,206	20,206	0
Expenditures:			
Current:			
Support Services:			
Pupils	31,800	31,800	0
Total Expenditures	31,800	31,800	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,594)	(11,594)	0
Other Financing Sources (Uses):			
Advances In	12,000	12,000	0
Advances Out	(14,000)	(14,000)	0
Total Other Financing Sources (Uses)	(2,000)	(2,000)	0
Net Change in Fund Balance	(13,594)	(13,594)	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	14,000	14,000	0
Fund Balance at End of Year	\$ 406	\$ 406	\$ 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, 2023***

IDEA PRES CHOOOL GRANT FOR THE HANDICAPPED FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Current:			
Support Services:			
Pupil Transportation	<u> 6,259</u>	<u> 6,259</u>	<u> 0</u>
Total Expenditures	<u> 6,259</u>	<u> 6,259</u>	<u> 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (6,259)</u>	<u> (6,259)</u>	<u> 0</u>
Other Financing Sources (Uses):			
Advances In	<u> 7,000</u>	<u> 7,000</u>	<u> 0</u>
Total Other Financing Sources (Uses)	<u> 7,000</u>	<u> 7,000</u>	<u> 0</u>
Net Change in Fund Balance	<u> 741</u>	<u> 741</u>	<u> 0</u>
Fund Balance at Beginning of Year	<u> 0</u>	<u> 0</u>	<u> 0</u>
Fund Balance at End of Year	<u><u> \$ 741</u></u>	<u><u> \$ 741</u></u>	<u><u> \$ 0</u></u>

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023***

IMPROVING TEACHER QUALITY FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 57,682	\$ 57,682	\$ 0
Total Revenues	<u>57,682</u>	<u>57,682</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Instructional Staff	53,182	53,182	0
Total Expenditures	<u>53,182</u>	<u>53,182</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,500	4,500	0
Other Financing Sources (Uses):			
Advances Out	(4,500)	(4,500)	0
Total Other Financing Sources (Uses)	<u>(4,500)</u>	<u>(4,500)</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	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, 2023***

OTHER FEDERAL GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 182	\$ 259	\$ 77
Intergovernmental - Federal	405,776	405,776	0
Total Revenues	405,958	406,035	77
Expenditures:			
Current:			
Instruction	91,227	91,227	0
Support Services:			
Pupils	5,356	5,356	0
Instructional Staff	166,775	166,775	0
Administration	21,044	21,044	0
Central	25,000	25,000	0
Capital Outlay	73,294	36,647	36,647
Total Expenditures	382,696	346,049	36,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,262	59,986	36,724
Other Financing Sources (Uses):			
Advances In	21,000	21,000	0
Advances Out	(41,219)	(41,219)	0
Total Other Financing Sources (Uses)	(20,219)	(20,219)	0
Net Change in Fund Balance	3,043	39,767	36,724
Fund Balance at Beginning of Year	1,825	1,825	0
Prior Year Encumbrances	23,600	23,600	0
Fund Balance at End of Year	\$ 28,468	\$ 65,192	\$ 36,724

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, 2023***

PERMANENT IMPROVEMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Taxes	\$ 1,360,680	\$ 1,360,474	\$ (206)
Investment Earnings	30,030	29,878	(152)
Intergovernmental - State	41,610	41,579	(31)
Total Revenues	<u>1,432,320</u>	<u>1,431,931</u>	<u>(389)</u>
Expenditures:			
Current:			
Instruction	191,400	191,150	250
Support Services:			
Fiscal Services	20,850	20,850	0
Pupil Transportation	155,924	155,822	102
Central	4,000	3,933	67
Extracurricular Activities	13,200	13,174	26
Capital Outlay	1,012,098	1,011,793	305
Total Expenditures	<u>1,397,472</u>	<u>1,396,722</u>	<u>750</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	34,848	35,209	361
Fund Balance at Beginning of Year	473,858	473,858	0
Prior Year Encumbrances	523,622	523,622	0
Fund Balance at End of Year	<u>\$ 1,032,328</u>	<u>\$ 1,032,689</u>	<u>\$ 361</u>

HEATH CITY SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2023*

BUILDING FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Local Sources:			
Investment Earnings	\$ 7,299	\$ 7,292	\$ (7)
Total Revenues	7,299	7,292	(7)
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,299	7,292	(7)
Fund Balance at Beginning of Year	28,304	28,304	0
Fund Balance at End of Year	\$ 35,603	\$ 35,596	\$ (7)



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

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

Heath City School District

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

	2014	2015	2016	2017
	*			*
Governmental Activities:				
Net Investment in Capital Assets	\$1,007,118	\$668,117	\$1,387,709	\$1,638,635
Restricted for:				
Capital Projects	653,740	661,314	560,592	589,014
Debt Service	1,038,847	1,063,596	1,237,784	998,467
Statutory Purposes	108,722	81,520	81,982	95,543
Federal and State Grant Programs	54,850	46,561	77,319	48,913
OPEB	0	0	0	0
Unrestricted	(20,546,771)	(18,183,979)	(17,112,694)	(20,943,208)
Total Governmental Activities Net Position	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>	<u>(\$17,572,636)</u>
Primary Government:				
Net Investment in Capital Assets	\$1,007,118	\$668,117	\$1,387,709	\$1,638,635
Restricted	1,856,159	1,852,991	1,957,677	1,731,937
Unrestricted	(20,546,771)	(18,183,979)	(17,112,694)	(20,943,208)
Total Primary Government Net Position	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>	<u>(\$17,572,636)</u>

* Restated

Source: District Treasurer's Office

Heath City School District

2018	2019	2020	2021	2022	2023
		*			
\$2,116,344	\$2,516,261	\$3,646,520	\$3,920,842	\$5,738,539	\$6,827,610
679,363	737,612	531,613	416,777	708,011	1,339,555
1,395,292	1,442,042	1,682,531	1,948,331	1,552,448	2,340,275
56,396	111,260	145,630	157,228	577,431	666,273
35,836	38,835	114,485	190,853	25,962	58,044
0	0	0	0	0	404,757
(11,282,637)	(8,799,138)	(7,962,634)	(7,176,162)	(3,981,882)	(2,099,534)
<u>(\$6,999,406)</u>	<u>(\$3,953,128)</u>	<u>(\$1,841,855)</u>	<u>(\$542,131)</u>	<u>\$4,620,509</u>	<u>\$9,536,980</u>
\$2,116,344	\$2,516,261	\$3,646,520	\$3,920,842	\$5,738,539	\$6,827,610
2,166,887	2,329,749	2,474,259	2,713,189	2,863,852	4,808,904
(11,282,637)	(8,799,138)	(7,962,634)	(7,176,162)	(3,981,882)	(2,099,534)
<u>(\$6,999,406)</u>	<u>(\$3,953,128)</u>	<u>(\$1,841,855)</u>	<u>(\$542,131)</u>	<u>\$4,620,509</u>	<u>\$9,536,980</u>

Heath City School District

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

	2014	2015	2016	2017
Expenses				
Governmental Activities:				
Instruction	\$10,096,148	\$10,513,018	\$11,220,535	\$11,477,367
Support Services:				
Pupils	621,994	583,590	640,770	705,634
Instructional Staff	264,908	324,069	325,261	381,955
Board of Education	80,043	49,101	248,574	329,525
Administration	1,518,459	1,523,311	1,748,840	1,673,351
Fiscal Services	528,591	578,977	466,731	636,550
Business	14,330	20,438	28,922	13,562
Operation and Maintenance of Plant	1,330,607	1,507,678	1,909,197	1,838,229
Pupil Transportation	637,015	592,204	643,460	654,868
Central	308,948	451,684	347,036	403,385
Operation of Non-Instructional Services				
Community Services	4,410	1,994	4,416	0
Food Service Operations	567,567	596,853	653,795	727,620
Shared Services	17,994	54,691	0	0
Extracurricular Activities	593,994	618,078	616,176	793,082
Interest and Fiscal Charges	891,757	657,894	544,983	474,616
<i>Total Primary Government Expenses</i>	<u>\$17,476,765</u>	<u>\$18,073,580</u>	<u>\$19,398,696</u>	<u>\$20,109,744</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$600,894	\$948,735	\$1,037,209	\$1,219,571
Support Services:				
Pupils	43,788	60,609	55,620	60,990
Operation of Non-Instructional Services				
Food Service Operations	186,257	152,316	198,299	235,209
Extracurricular Activities	134,064	124,900	130,864	148,799
Operating Grants and Contributions	1,026,547	1,087,236	1,123,022	1,229,537
Capital Grants and Contributions	0	0	0	0
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>1,991,550</u>	<u>2,373,796</u>	<u>2,545,014</u>	<u>2,894,106</u>

Heath City School District

2018	2019	2020	2021	2022	2023
\$5,716,009	\$10,521,710	\$13,103,894	\$14,273,518	\$11,861,518	\$13,689,044
522,576	874,557	1,214,501	1,308,266	985,786	1,147,042
486,743	706,334	846,060	967,695	1,008,534	1,062,785
63,368	106,787	138,228	156,391	190,806	191,751
1,094,581	1,485,126	1,730,240	1,924,020	1,727,130	2,182,115
605,510	732,416	718,154	705,579	714,725	813,554
17,892	16,137	11,926	16,334	10,044	9,588
1,598,068	1,933,978	1,736,633	1,706,530	1,516,664	1,773,034
628,413	757,602	815,607	786,334	852,824	1,102,681
240,897	265,375	409,538	419,302	357,395	451,713
0	0	0	0	19,205	12,687
724,156	923,351	911,863	970,484	1,092,736	1,272,040
0	0	0	0	0	0
424,403	849,040	995,357	1,000,564	998,401	1,002,833
464,897	441,336	348,477	246,193	171,720	88,666
<u>\$12,587,513</u>	<u>\$19,613,749</u>	<u>\$22,980,478</u>	<u>\$24,481,210</u>	<u>\$21,507,488</u>	<u>\$24,799,533</u>
\$1,484,917	\$1,823,216	\$2,145,424	\$2,235,092	\$345,358	\$402,377
51,269	83,483	44,423	0	0	0
264,402	437,187	371,107	169,945	123,033	488,027
134,362	147,118	123,855	130,079	178,394	208,382
1,185,904	1,301,886	1,635,333	2,492,212	3,512,408	3,248,796
0	0	837,500	41,088	14,914	141,259
<u>3,120,854</u>	<u>3,792,890</u>	<u>5,157,642</u>	<u>5,068,416</u>	<u>4,174,107</u>	<u>4,488,841</u>

(Continued)

Heath City School District

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

	2014	2015	2016	2017
Net (Expense)/Revenue				
Governmental Activities	(15,485,215)	(15,699,784)	(16,853,682)	(17,215,638)
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	<u>(\$15,485,215)</u>	<u>(\$15,699,784)</u>	<u>(\$16,853,682)</u>	<u>(\$17,215,638)</u>
 General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$7,854,925	\$8,621,606	\$9,279,815	\$9,239,268
Debt Service	1,171,836	1,290,787	1,343,433	1,150,316
Capital Outlay	186,087	187,583	196,007	192,177
Grants and Entitlements not				
Restricted to Specific Programs	6,383,632	7,086,554	7,371,309	7,435,029
Investment Earnings	6,886	10,716	29,265	65,859
Miscellaneous	543,418	523,161	529,416	388,805
<i>Total Primary Government</i>	<u>\$16,146,784</u>	<u>\$17,720,407</u>	<u>\$18,749,245</u>	<u>\$18,471,454</u>
 Change in Net Position				
Governmental Activities	661,569	2,020,623	1,895,563	1,255,816
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u>\$661,569</u>	<u>\$2,020,623</u>	<u>\$1,895,563</u>	<u>\$1,255,816</u>

Source: District Treasurer's Office

Heath City School District

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>(9,466,659)</u>	<u>(15,820,859)</u>	<u>(17,822,836)</u>	<u>(19,412,794)</u>	<u>(17,333,381)</u>	<u>(20,310,692)</u>
<u>(\$9,466,659)</u>	<u>(\$15,820,859)</u>	<u>(\$17,822,836)</u>	<u>(\$19,412,794)</u>	<u>(\$17,333,381)</u>	<u>(\$20,310,692)</u>
\$10,485,484	\$8,964,782	\$10,333,478	\$10,246,008	\$10,561,802	\$12,027,552
1,359,339	1,206,282	1,399,048	1,422,031	1,491,674	1,727,412
211,594	183,116	211,811	893,830	1,327,835	1,507,875
7,643,707	7,709,959	7,392,727	7,737,617	8,715,419	9,041,805
119,740	309,956	377,228	14,794	(83,040)	432,989
220,025	493,042	167,854	398,238	482,331	489,530
<u>\$20,039,889</u>	<u>\$18,867,137</u>	<u>\$19,882,146</u>	<u>\$20,712,518</u>	<u>\$22,496,021</u>	<u>\$25,227,163</u>
<u>10,573,230</u>	<u>3,046,278</u>	<u>2,059,310</u>	<u>1,299,724</u>	<u>5,162,640</u>	<u>4,916,471</u>
<u>\$10,573,230</u>	<u>\$3,046,278</u>	<u>\$2,059,310</u>	<u>\$1,299,724</u>	<u>\$5,162,640</u>	<u>\$4,916,471</u>

Heath City School District

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

	2014	2015	2016	2017
General Fund				
Nonspendable	\$2,463	\$2,075	\$27,763	\$29,944
Restricted	36,428	15,307	0	0
Committed	0	0	0	0
Assigned	717,659	187,650	261,619	175,101
Unassigned	533,211	2,810,841	4,221,923	6,021,754
<i>Total General Fund</i>	<u>1,289,761</u>	<u>3,015,873</u>	<u>4,511,305</u>	<u>6,226,799</u>
All Other Governmental Funds				
Nonspendable	63,584	42,889	17,200	33,000
Restricted	1,779,099	1,809,505	1,949,189	1,695,240
Unassigned	(27,959)	(15,973)	0	(53,802)
<i>Total All Other Governmental Funds</i>	<u>1,814,724</u>	<u>1,836,421</u>	<u>1,966,389</u>	<u>1,674,438</u>
<i>Total Governmental Funds</i>	<u>\$3,104,485</u>	<u>\$4,852,294</u>	<u>\$6,477,694</u>	<u>\$7,901,237</u>

* Restated

Source: District Treasurer's Office

Heath City School District

2018	2019	2020	2021	2022	2023
		*			
\$0	\$228,193	\$232,672	\$230,870	\$402,785	\$162,023
0	0	0	0	0	0
0	0	248,247	248,247	249,847	249,847
531,080	682,787	829,605	211,104	153,374	506,046
8,355,313	8,524,927	9,923,795	11,997,691	13,789,976	16,392,839
8,886,393	9,435,907	11,234,319	12,687,912	14,595,982	17,310,755
49,849	74,707	84,710	68,857	90,689	60,841
2,128,484	2,288,854	2,394,769	2,661,616	2,821,496	4,319,894
(25,226)	(47,486)	(121,742)	(310,463)	(501,029)	(356,342)
2,153,107	2,316,075	2,357,737	2,420,010	2,411,156	4,024,393
\$11,039,500	\$11,751,982	\$13,592,056	\$15,107,922	\$17,007,138	\$21,335,148

Heath City School District

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

	2014	2015	2016	2017
Revenues:				
Local Sources:				
Taxes	\$9,250,713	\$10,115,662	\$10,830,906	\$10,637,252
Tuition	535,675	890,288	979,931	1,161,902
Food Service	186,257	152,316	198,299	235,209
Investment Earnings	6,416	9,938	28,683	62,562
Extracurricular Activities	134,064	124,900	130,864	148,799
Class Materials and Fees	64,719	57,449	56,246	57,169
Intermediate Sources	0	0	0	0
Intergovernmental - State	6,647,676	7,194,372	7,435,863	7,556,848
Intergovernmental - Federal	879,254	982,893	1,040,547	1,037,083
All Other Revenue	583,706	584,368	585,668	450,295
Total Revenue	18,288,480	20,112,186	21,287,007	21,347,119
Expenditures:				
Current:				
Instruction	9,671,600	10,227,343	10,839,935	10,872,530
Supporting Services:				
Pupils	597,979	610,112	625,555	657,412
Instructional Staff	243,751	317,931	305,817	321,093
Board of Education	80,043	49,101	248,574	329,525
Administration	1,459,945	1,507,152	1,726,393	1,516,556
Fiscal Services	536,825	573,425	514,527	601,325
Business	14,330	20,438	28,922	13,562
Operation and Maintenance of Plant	1,253,864	1,423,453	1,677,527	1,570,171
Pupil Transportation	584,559	544,902	607,345	554,295
Central	308,225	448,230	344,887	408,367
Operation of Non-Instructional Services				
Community Services	4,410	1,994	4,416	0
Food Service Operations	531,695	553,134	603,909	699,024
Shared Services	17,994	54,691	0	0
Extracurricular Activities	426,676	463,049	460,474	591,781
Capital Outlay	274,419	68,586	308,295	646,597
Debt Service:				
Principal Retirement	923,699	1,022,773	1,073,448	1,135,286
Interest and Fiscal Charges	484,775	465,915	437,664	331,426
Total Expenditures	17,414,789	18,352,229	19,807,688	20,248,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	873,691	1,759,957	1,479,319	1,098,169

Heath City School District

2018	2019	2020	2021	2022	2023
\$12,058,474	\$10,332,895	\$11,956,798	\$12,607,475	\$13,375,342	\$15,231,630
1,425,622	1,743,264	2,047,087	2,130,956	266,356	326,962
264,402	437,187	371,107	169,945	123,033	488,027
112,336	301,643	371,613	16,045	(76,028)	432,989
134,362	147,118	123,855	130,079	178,394	208,382
59,295	65,452	77,337	76,136	77,487	73,900
0	0	0	0	0	4,753
7,754,127	7,840,232	7,825,680	8,117,211	9,157,641	9,559,839
1,134,337	1,175,567	1,097,468	2,059,005	3,127,331	2,721,173
261,294	591,025	233,277	426,238	483,846	491,045
23,204,249	22,634,383	24,104,222	25,733,090	26,713,402	29,538,700
11,090,703	11,414,377	11,902,325	12,909,964	11,871,679	12,729,195
644,394	918,782	1,113,697	1,215,662	1,006,031	1,098,243
581,614	694,798	757,647	896,946	1,052,264	1,013,223
63,368	106,787	138,228	156,391	190,806	191,751
1,703,790	1,535,711	1,541,750	1,760,729	1,848,549	2,055,501
629,735	692,595	658,746	670,902	767,749	823,316
17,892	16,137	11,926	16,334	10,044	9,588
1,575,075	1,830,963	1,522,193	1,545,663	1,554,574	1,735,710
652,338	705,637	734,678	768,250	946,204	1,048,780
246,830	296,739	389,984	407,470	368,160	462,425
0	0	0	0	19,205	12,687
709,644	869,190	873,348	949,218	1,197,014	1,249,451
0	0	0	0	0	0
631,697	751,048	778,300	707,012	818,569	789,396
173,287	725,296	735,489	769,544	1,040,851	918,800
1,063,627	1,182,351	1,160,378	1,168,472	1,870,000	1,060,004
295,132	276,662	271,592	266,980	252,487	165,608
20,079,126	22,017,073	22,590,281	24,209,537	24,814,186	25,363,678
3,125,123	617,310	1,513,941	1,523,553	1,899,216	4,175,022

(Continued)

Heath City School District

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

	2014	2015	2016	2017
Other Financing Sources (Uses):				
Sale of Capital Assets	4,000	400	400	3,000
Insurance Proceeds	0	0	0	0
Refunding General Obligation Bonds Issued	0	0	7,340,000	0
Premium on General				
Obligation Refunding Bond	0	0	493,000	0
Payment to Refunded Bond Escrow Agent	0	0	(7,688,354)	0
Other Financing Sources - Capital Leases	250,956	0	0	325,526
Other Financing Sources - SBITA	0	0	0	0
Transfers In	50,000	85,000	0	101,150
Transfers Out	(50,000)	(85,000)	0	(101,150)
Total Other Financing Sources (Uses)	<u>254,956</u>	<u>400</u>	<u>145,046</u>	<u>328,526</u>
Net Change in Fund Balance	<u>\$1,128,647</u>	<u>\$1,760,357</u>	<u>\$1,624,365</u>	<u>\$1,426,695</u>
 Debt Service as a Percentage of Noncapital Expenditures	 8.21%	 8.13%	 7.70%	 7.43%

Source: District Treasurer's Office

Heath City School District

2018	2019	2020	2021	2022	2023
2,000	0	0	0	0	321
0	89,200	18,100	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
8,820	0	0	0	0	0
0	0	0	0	0	152,667
128,825	0	276,806	80,000	0	0
(128,825)	0	(28,559)	(80,000)	0	0
10,820	89,200	266,347	0	0	152,988
\$3,135,943	\$706,510	\$1,780,288	\$1,523,553	\$1,899,216	\$4,328,010
6.83%	6.88%	6.57%	6.16%	8.88%	5.03%

Heath City School District

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

Tax year	2013	2014	2015	2016
		**		
Real Property				
Assessed	\$248,446,390	\$246,138,835	\$234,500,020	\$236,501,406
Actual	709,846,829	703,253,814	670,000,057	675,718,303
Public Utility				
Assessed	7,976,040	8,025,020	9,434,090	11,761,470
Actual	7,976,040	8,025,020	9,434,090	11,761,470
Total				
Assessed	256,422,430	254,163,855	243,934,110	248,262,876
Actual	717,822,869	711,278,834	679,434,147	687,479,773
Assessed Value as a Percentage of Actual Value	35.72%	35.73%	35.90%	36.11%
Total Direct Tax Rate	\$61.75	\$63.10	\$64.30	\$63.30

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%.

Heath City School District

2017	2018	2019	2020	2021	2022
*			**		
\$259,175,790	\$259,850,293	\$261,638,294	\$285,512,290	\$284,452,507	\$292,013,408
740,502,257	742,429,409	747,537,983	815,749,400	812,721,449	834,324,023
12,215,810	18,044,810	20,431,940	22,460,320	27,433,120	25,958,510
12,215,810	18,044,810	20,431,940	22,460,320	27,433,120	25,958,510
271,391,600	277,895,103	282,070,234	307,972,610	311,885,627	317,971,918
752,718,067	760,474,219	767,969,923	838,209,720	840,154,569	860,282,533
36.05%	36.54%	36.73%	36.74%	37.12%	36.96%
\$62.60	\$62.60	\$62.00	\$64.80	\$64.40	\$64.10

Heath City School District

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Direct District Rates				
General Fund	55.50	56.60	57.80	57.20
Bond Retirement Fund	5.05	5.30	5.30	4.90
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>61.75</u>	<u>63.10</u>	<u>64.30</u>	<u>63.30</u>
Overlapping Rates				
City of Heath	5.40	5.40	6.40	6.40
Career and Technical Education Center	2.56	2.54	2.58	2.57
Licking County	7.70	8.00	8.00	8.00
Licking County Library	1.00	1.00	1.00	1.00
Licking County Park District	0.25	0.25	0.25	0.25

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

2017	2018	2019	2020	2021	2022
56.10	56.10	55.50	54.30	53.90	53.60
5.30	5.30	5.30	5.30	5.30	5.30
1.20	1.20	1.20	5.20	5.20	5.20
62.60	62.60	62.00	64.80	64.40	64.10
6.40	6.40	6.40	6.40	6.40	6.40
2.55	2.55	2.55	2.50	2.50	2.50
9.50	9.50	9.50	9.50	9.50	8.40
1.00	1.00	1.00	1.00	1.00	1.00
0.25	0.25	0.25	0.25	0.25	0.38



Heath City School District

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

		Calendar Year 2022		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power Company	Utility Company - Electric	\$16,296,040	1	5.12%
AEP Ohio Transmission Co, Inc.	Utility Company - Electric	6,428,260	2	2.02%
Southgate Ohio Station LLC	Shopping Center	5,006,680	3	1.57%
Indian Mound Mall LLC	Shopping Center	4,550,010	4	1.43%
Quest Heathwood Village LLC	Apartments	4,094,900	5	1.29%
JLH Realty LLC	Real Estate	3,440,040	6	1.08%
Wal-Mart Real Estate Business Trust	Retail Store	3,308,240	7	1.04%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,083,580	8	0.97%
NS Retail Holdings LLC	Real Estate	2,966,650	9	0.93%
KIM-TAM US Limited	Packaging Manufacturer	2,920,330	10	0.92%
Subtotal		52,094,730		16.37%
All Others		265,877,188		83.63%
Total		\$317,971,918		100.00%

		Calendar Year 2013		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$9,933,600	1	3.87%
Southgate Association Limited Partnership	Shopping Center	5,483,800	2	2.14%
Ohio Power Company	Utility Company - Electric	5,420,020	3	2.11%
Wal*Mart Stores, Inc.	Retail Store	2,912,710	4	1.14%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,640,190	5	1.03%
Cross Creek Limited Partnership	Shopping Center	2,614,120	6	1.02%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,427,780	7	0.95%
H&D Holding Company	Development	2,332,260	8	0.91%
Inland Western Heath Southgate LLC	Shopping Center	2,169,410	9	0.85%
Glenwood Apartments LLC	Apartments	2,136,820	10	0.83%
Subtotal		38,070,710		14.85%
All Others		218,351,720		85.15%
Total		\$256,422,430		100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2022 and 2013

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

Heath City School District

Property Tax Levies and Collections Last Ten Years

Collection Year	2013	2014	2015
Total Tax Levy	\$9,003,974	\$10,960,686	\$11,119,757
Collections within the Fiscal Year of the Levy			
Current Tax Collections	8,709,214	10,649,259	10,812,156
Percent of Levy Collected	96.73%	97.16%	97.23%
Delinquent Tax Collections ⁽¹⁾	3,969	167,209	161,863
Total Tax Collections	8,713,183	10,816,468	10,974,019
Percent of Total Tax Collections To Tax Levy	96.77%	98.68%	98.69%
Accumulated Outstanding Delinquent Taxes	183,748	190,554	125,628
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	2.04%	1.74%	1.13%

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$11,551,120	\$11,419,479	\$12,048,452	\$12,409,906	\$12,493,640	\$12,551,841	\$14,329,518
11,223,676	11,188,024	11,870,917	12,227,045	12,233,310	12,218,232	14,047,946
97.17%	97.97%	98.53%	98.53%	97.92%	97.34%	98.04%
<u>284,617</u>	<u>225,920</u>	<u>197,873</u>	<u>203,873</u>	<u>242,426</u>	<u>269,632</u>	<u>221,592</u>
11,508,293	11,413,944	12,068,790	12,430,918	12,475,736	12,487,864	14,269,538
99.63%	99.95%	100.17%	100.17%	99.86%	99.49%	99.58%
120,889	153,338	174,622	162,162	116,555	122,524	153,733
1.05%	1.34%	1.45%	1.31%	0.93%	0.98%	1.07%

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

	2014	2015	2016	2017
Governmental Activities (1)				
General Obligation Bonds Payable	\$13,902,047	\$13,170,033	\$12,140,782	\$11,355,564
SBITA Liability	0	0	0	0
Capital Leases	301,989	204,216	105,768	256,008
Total Primary Government	<u>\$14,204,036</u>	<u>\$13,374,249</u>	<u>\$12,246,550</u>	<u>\$11,611,572</u>
Population (2)				
City of Heath	10,310	10,310	10,310	10,310
Outstanding Debt Per Capita	1,378	1,297	1,188	1,126
Income (3)				
Personal (in thousands)	396,822	410,699	428,700	435,257
Percentage of Personal Income	3.58%	3.26%	2.86%	2.67%

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

2018	2019	2020	2021	2022	2023
\$10,566,487	\$9,655,045	\$8,655,813	\$7,553,910	\$5,639,092	\$4,584,274
0	0	0	0	0	102,663
191,201	113,850	58,472	0	0	0
<u>\$10,757,688</u>	<u>\$9,768,895</u>	<u>\$8,714,285</u>	<u>\$7,553,910</u>	<u>\$5,639,092</u>	<u>\$4,686,937</u>
10,310	10,310	10,310	10,412	10,412	10,412
1,043	948	845	726	542	450
455,826	474,868	489,704	536,634	575,284	579,584
2.36%	2.06%	1.78%	1.41%	0.98%	0.81%

Heath City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2014	2015	2016	2017
Population ⁽¹⁾	10,310	10,310	10,310	10,310
Assessed Value ⁽²⁾	256,422,430	254,163,855	243,934,110	248,262,876
General Bonded Debt ⁽³⁾				
General Obligation Bonds	13,902,047	13,170,033	12,140,782	11,355,564
Resources Available to Pay Principal ⁽⁴⁾	1,038,847	1,063,596	1,237,784	998,467
Net General Bonded Debt	12,863,200	12,106,437	10,902,998	10,357,097
Ratio of Net Bonded Debt to Assessed Value	5.02%	4.76%	4.47%	4.17%
Net Bonded Debt per Capita	1,247.64	1,174.24	1,057.52	1,004.57

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

2018	2019	2020	2021	2022	2023
10,310	10,310	10,310	10,412	10,412	10,412
271,391,600	277,895,103	282,070,234	307,972,610	311,885,627	317,971,918
10,566,487	9,655,045	8,655,813	7,553,910	5,639,092	4,584,274
1,395,292	1,442,042	1,682,531	1,948,331	1,552,448	2,333,492
9,171,195	8,213,003	6,973,282	5,605,579	4,086,644	2,250,782
3.38%	2.96%	2.47%	1.82%	1.31%	0.71%
889.54	796.61	676.36	538.38	392.49	216.17



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2023*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Heath City School District</u>	<u>Amount Applicable to Heath City School District</u>
Direct:			
Heath City School District	\$4,686,937	100.00%	\$4,686,937
Overlapping:			
City of Heath	5,130,000	90.50%	4,642,650
Career and Technical Education Center	4,760,000	5.97%	284,172
Licking County	29,246,783	5.60%	1,637,820
		Subtotal	6,564,642
		Total	\$11,251,579

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

	2014	2015	2016	2017
Net Assessed Valuation	\$256,422,430	\$254,163,855	\$243,934,110	\$248,262,876
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	23,078,019	22,874,747	21,954,070	22,343,659
Applicable District Debt Outstanding	13,902,047	13,170,033	12,140,782	11,355,564
Less: Applicable Debt Service Fund Amounts (2)	(1,049,893)	(1,075,169)	(1,242,170)	(1,006,492)
Net Indebtedness Subject to Limitation	12,852,154	12,094,864	10,898,612	10,349,072
Overall Legal Debt Margin	<u>\$10,225,865</u>	<u>\$10,779,883</u>	<u>\$11,055,458</u>	<u>\$11,994,587</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	256,422	254,164	243,934	248,263
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$256,422</u>	<u>\$254,164</u>	<u>\$243,934</u>	<u>\$248,263</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,307,802	2,287,475	2,195,407	2,234,366
Applicable District Debt Outstanding	0	0	0	0
Unvoted Energy Conservation				
Loans Legal Debt Margin	<u>\$2,307,802</u>	<u>\$2,287,475</u>	<u>\$2,195,407</u>	<u>\$2,234,366</u>

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

(2) Includes only Debt Service funds available on a modified GAAP basis for general obligation bonded debt supported by property taxes.

Heath City School District

2018	2019	2020	2021	2022	2023
\$271,391,600	\$277,895,103	\$282,070,234	\$307,972,610	\$311,885,627	\$317,971,918
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
24,425,244	25,010,559	25,386,321	27,717,535	28,069,706	28,617,473
10,566,487	9,655,045	8,655,813	7,553,910	5,639,092	4,686,937
(1,399,129)	(1,443,227)	(1,684,827)	(1,956,731)	(1,552,448)	(2,333,492)
9,167,358	8,211,818	6,970,986	5,597,179	4,086,644	2,353,445
<u>\$15,257,886</u>	<u>\$16,798,741</u>	<u>\$18,415,335</u>	<u>\$22,120,356</u>	<u>\$23,983,062</u>	<u>\$26,264,028</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
271,392	277,895	282,070	307,973	311,886	317,972
0	0	0	0	0	0
<u>\$271,392</u>	<u>\$277,895</u>	<u>\$282,070</u>	<u>\$307,973</u>	<u>\$311,886</u>	<u>\$317,972</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,442,524	2,501,056	2,538,632	2,771,753	2,806,971	2,861,747
0	0	0	0	0	0
<u>\$2,442,524</u>	<u>\$2,501,056</u>	<u>\$2,538,632</u>	<u>\$2,771,753</u>	<u>\$2,806,971</u>	<u>\$2,861,747</u>

Heath City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2013	2014	2015	2016	2017
Population ⁽¹⁾					
City of Heath	10,310	10,310	10,310	10,310	10,310
Licking County	168,503	169,390	170,570	172,198	173,448
Income ^{(2) (a)}					
Total Personal (in thousands)	396,822	410,699	428,700	435,257	455,826
Per Capita	38,489	39,835	41,581	42,217	44,212
Unemployment Rate ⁽³⁾					
Federal	7.4%	6.2%	5.3%	4.9%	4.4%
State	7.4%	5.7%	4.9%	4.9%	5.0%
Licking County	6.9%	5.1%	4.4%	4.3%	4.2%

Fiscal Year	2014	2015	2016	2017	2018
School Enrollment ⁽⁴⁾					
Grades K - 2	359	393	397	376	382
Grades 3 - 5	382	398	410	418	403
Grades 6 - 8	388	406	396	385	405
Grades 9 - 12	505	486	479	489	497
JVS	48	65	70	56	65
Total	1,682	1,748	1,752	1,724	1,752

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, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Note: In FY 18, all years of School Enrollment were restated using ODE October headcounts.

Heath City School District

2018	2019	2020	2021	2022
10,310	10,310	10,412	10,412	10,412
175,769	177,174	178,100	178,100	178,100
474,868	489,704	536,634	575,284	579,584
46,059	47,498	51,540	55,252	55,665
3.9%	3.7%	8.1%	5.3%	3.6%
4.6%	4.1%	8.1%	5.1%	4.0%
4.0%	3.7%	6.5%	4.1%	3.4%
2019	2020	2021	2022	2023
394	404	402	418	379
385	397	390	382	402
421	423	419	412	400
408	408	465	464	427
77	79	57	38	50
1,685	1,711	1,733	1,714	1,658



Heath City School District

Principal Employers Current Year and Nine Years Ago

		2022	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	1,107	1
Kaiser Aluminum & Chemical Co	Manufacturing	244	2
Carvana	Retail Sales	635	3
Ariel Corp	Manufacturing	136	4
Heath Board of Ed	Education	317	5
Englefield Oil	Petroleum Products	209	6
Samuel Son & Co	Manufacturing	264	7
Walmart	Retail Sales	564	8
Marathon Petroleum	Petroleum Products	21	9
JLH Automotive	Retail Sales	233	10
Total		3,730	

		2013	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	867	1
Super Wal-Mart Stores	Retail Sales	433	2
Arvin/Meritor	Manufacturing	362	3
Kaiser Aluminum & Chemical Co.	Manufacturing	319	4
Heath City Schools	Education	304	5
Heath Nursing Home	Health Care	226	6
Lowe's Home Center	Retail Sales	204	7
Target Stores	Retail Sales	202	8
John Hinderer Honda	Retail Sales	189	9
Englefield Oil	Petroleum Products	152	10
Total		3,258	

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

	2014	2015	2016	2017	2018
Supervisory					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	1.00	6.00	6.00	6.00	6.00
Principals	4.00	4.00	4.00	3.00	4.00
Assistant Principals	2.00	1.00	1.00	1.00	1.00
Instruction					
Classroom Teachers	104.00	97.50	94.50	89.75	96.25
Student Services					
Guidance Counselors	1.00	1.00	1.00	1.00	1.00
Psychologists and Health Staff	1.00	2.00	2.00	2.00	6.00
Librarians	1.00	1.00	1.00	1.00	1.00
Support Services					
Clerical/Bookkeeping	11.00	11.00	10.00	11.50	12.00
Tutors/Aides	1.00	14.00	14.50	12.00	10.00
Food Service	18.00	11.00	11.00	9.00	10.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	12.00	13.00	11.00	13.00	12.00
<i>Total Employees</i>	<u>167.00</u>	<u>172.50</u>	<u>167.00</u>	<u>160.25</u>	<u>170.25</u>

Method: The District began using EMIS staffing submissions as its source data in FY 18, and as such, restated the statistics from FY 15 through FY 18 using available historical data. Staffing counts reflect current positions at the time of submission of the final CK staff employment record for the fiscal year. In addition, the figures represent only regular positions and exclude temporary or supplemental positions. FTEs are defined as the District's definition of a full-time equivalent for that particular position. For example, some positions are considered to be full-time at 6 hours per day (ex. Cooks), while others might be 7.25 hours per day (ex. Teachers). Staffing figures exclude any positions with less than 3 hours per day.

Source: District Treasurer's Office

Heath City School District

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2.00	2.00	2.00	2.00	3.00
7.00	7.00	6.00	6.00	7.00
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00
100.50	103.60	101.12	110.00	112.00
1.00	2.00	2.00	3.00	3.00
6.00	6.00	4.50	2.00	3.50
1.00	1.00	1.00	1.00	1.00
11.00	11.00	11.00	11.00	10.00
9.50	10.40	11.00	17.50	16.50
9.50	8.00	11.50	15.50	13.50
9.50	8.50	7.00	9.00	9.00
10.00	12.00	9.00	11.00	12.00
<u>173.00</u>	<u>177.50</u>	<u>172.12</u>	<u>194.00</u>	<u>196.50</u>

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2014	2015	2016	2017
Enrollment	1,682	1,748	1,752	1,724
Modified Accrual Basis				
Operating Expenditures	17,414,789	18,352,229	19,807,688	20,248,950
Cost per Pupil	10,354	10,499	11,306	11,745
Percentage of Change	(2.2%)	1.4%	7.7%	3.9%
Accrual Basis (1)				
Expenses	16,585,008	17,415,686	18,853,713	19,635,128
Cost per Pupil	9,860	9,963	10,761	11,389
Percentage of Change	(2.10%)	1.04%	8.01%	5.84%
Teaching Staff	100	97.50	94.50	89.75

(1) Expenses exclude interest and fiscal charges

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

Note: In FY 18, all years of Enrollment were restated using ODE October headcounts.

Heath City School District

2018	2019	2020	2021	2022	2023
1,752	1,685	1,711	1,733	1,714	1,658
20,079,126	22,017,073	22,590,281	24,209,537	24,814,186	25,363,678
11,461	13,067	13,203	13,970	14,477	15,298
(2.4%)	14.0%	1.0%	5.8%	3.6%	5.7%
12,122,616	19,172,413	22,632,001	24,235,017	21,335,768	24,710,867
6,919	11,378	13,227	13,984	12,448	14,904
(39.25%)	64.44%	16.25%	5.72%	(10.99%)	19.73%
96.25	100.50	103.60	101.12	110.00	112.00

Heath City School District

Operating Indicators by Function Last Ten Years

	2014	2015	2016	2017
Governmental Activities				
Pupils				
Enrollment	1,641	1,735	1,718	1,712
Graduates	117	133	137	108
Percent of Students with Disabilities	7.2%	7.2%	7.2%	11.5%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	96.80%	96.70%	96.80%	94.90%
Fiscal Services				
Purchase Orders Processed	2,367	2,241	2,287	2,416
Checks Issued (non payroll)	2,288	2,318	2,302	2,249
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	1,181	1,188	1,188	885
Average Daily Bus Fleet Miles	900	901	901	581
Number of Buses	16	16	16	17
Operation of Noninstructional Services				
Food Service Operations				
Students Lunches Served Annually	141,109	140,972	141,172	134,229
Percent of Free/Reduced Price Meals (1)	47%	48%	49%	63%
Extracurricular Activities				
High School Varsity Teams	17	17	17	21

Source: District Treasurer's Office

(1) Food Service operation statistics began using the point of sale system reports in FY 2018 and restated statistics for FY 2017 for comparison purposes. FY 2020 reflects that in person classes were not conducted due to state mandated closures due to COVID-19. Free lunches were delivered and available from March through June 2020.

Heath City School District

2018	2019	2020	2021	2022	2023
1,752	1,685	1,711	1,733	1,714	1,658
106	115	131	145	122	111
13.8%	12.2%	15.0%	15.0%	16.1%	17.4%
12	12	12	12	12	12
94.00%	94.30%	95.30%	90.60%	93.00%	92.90%
2,420	1,940	1,655	1,768	1,618	1,525
2,114	2,443	1,918	2,371	2,101	1,940
291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
886	845	848	621	791	895
533	534	547	488	558	510
16	15	15	14	15	13
134,746	140,613	126,854	124,930	302,713	241,244
57%	55%	60%	36%	100%	36%
22	23	23	24	24	24

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2014	2015	2016	2017	2018
Minimum Salary	34,118	34,800	35,148	35,148	35,851
Maximum Salary	73,354	74,820	75,568	77,326	78,872
District Average Salary	52,671	51,776	52,446	52,535	55,769
State Average Salary (1)	55,913	55,242	57,154	58,849	58,186

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	2014	2015	2016	2017	2018
Bachelor's Degree	27	26	23	34	30
Bachelor + 15 (1)	0	0	0	0	0
Master's Degree	64	67	72	57	59
Master's Degree + 15 (1)	0	0	0	0	0
Master's Degree + 30	9	9	9	9	12
Total	100	102	104	100	101

Source: District Treasurer's Office

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

(2) Ohio Department of Education

Note: Teachers by Education counts are headcounts, while staffing levels are FTEs.

Furthermore, this schedule reflects all staff paid on the teaching salary schedules,
which includes some individuals with differing functional titles (ex. Guidance)

N/A means not available at the time this report was prepared

Heath City School District

2019	2020	2021	2022	2023
36,568	37,299	38,045	38,996	39,971
80,450	82,058	83,699	87,741	89,935
53,490	60,284	57,602	56,895	55,459
60,399	65,754	67,654	69,081	N/A

2019	2020	2021	2022	2023
33	32	30	35	41
0	0	0	0	0
61	64	70	65	63
0	0	0	0	0
10	10	12	12	11
104	106	112	112	115

Heath City School District

Capital Asset Statistics by Building Last Ten Years

	2014	2015	2016	2017
Secondary				
Heath High School				
Square Footage	124,740	124,740	124,740	124,700
Capacity (students)	600	600	600	600
Enrollment	553	551	549	545
Middle				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	388	406	396	385
Elementary				
Stevenson Elementary School				
Square Footage	44,437	44,437	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	382	398	410	418
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	450	450	450	450
Enrollment	359	393	397	376
All Other				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	12	13	13	13
Bus Garage				
Square Footage	10,800	10,800	10,800	10,800
Capacity (Buses)	16	16	16	17

Source: District Treasurer's Office

Note: In FY 18, all years of School Enrollment were restated using ODE October headcounts.

Heath City School District

2018	2019	2020	2021	2022	2023
124,700	124,700	124,700	124,700	124,700	124,700
600	600	600	600	600	600
562	485	487	522	502	477
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
405	421	423	419	412	400
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
403	385	397	390	382	402
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
382	394	404	402	418	379
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	13	12	12	12
10,800	10,800	10,800	10,800	10,800	10,800
16	15	15	14	15	15

Heath City School District

Educational and Operating Statistics Last Ten Years

	2014	2015	2016	2017	2018
ACT Scores (Average)					
Heath	21.8	21.9	21.9	21.3	18.3
Ohio	21.7	21.7	21.7	22.0	20.3
National	21.4	21.4	21.4	21.0	20.8
Cost per Student (ODE)					
Heath	8,603	8,225	8,978	9,480	8,335
Ohio (Average) (1)	9,536	9,904	9,837	10,445	9,353
Attendance Rate					
Heath	96.70%	94.90%	94.90%	94.90%	94.00%
Ohio (Average)	94.30%	94.10%	94.10%	93.90%	93.70%
Graduation Rate (2)					
Heath	91.70%	96.90%	92.40%	92.80%	90.80%
Ohio (Average)	82.30%	83.00%	83.50%	84.10%	85.30%

Source:

District's Student Records and Ohio Department of Education

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

(2) ODE report cards report the prior year's Graduation Rates

(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.

N/A - Not Available

Heath City School District

2019	2020	2021	2022	2023
18.5	19.1	18.2	19.9	18.1
20.0	19.2	18.9	19.4	19.2
20.7	20.6	20.3	19.8	19.5
8,914	8,654	9,372	9,886	10,632
9,724	9,883	10,336	11,306	11,916
94.30%	95.30%	90.60%	92.30%	92.90%
93.50%	N/A	N/A	90.40%	N/A
93.30%	94.80%	93.00%	91.40%	91.40%
85.90%	87.20%	87.00%	87.00%	87.30%

