

Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**



HEATH CITY SCHOOL DISTRICT

Heath, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2021**

Prepared by:

**Mr. Karl Zarins
Treasurer**



HEATH CITY SCHOOL DISTRICT

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INTRODUCTORY SECTION



December 27, 2021

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

As the Superintendent and Treasurer of the Heath City School District (the District), we are pleased to submit to you this Comprehensive Annual Financial Report issued by the District. This Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021 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 1,733 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, 2021

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 COVID-19 epidemic in 2020 and 2021 caused a disruption for many of the businesses in Heath, particularly in service and retail sectors. While the District has seen some suppression and challenges to values in these sectors, the economic uncertainty largely subsided due to the introduction of effective vaccines. Other sectors have fared better. In 2020, the businesses located on the campus of the Heath-Newark-Licking County Port Authority's Central Ohio Aerospace and Technology Center increased their employment by roughly 13%, according to information from the HNLCPA. Carvana opened its prototype automobile receiving center and continually hired new employees throughout 2020, and Nature's One, an organic infant nutrition manufacturing facility, began operations and hired staff. These are just a few examples of what proved to be only a slight dip in economic activity in the city.

Future job growth looks promising in the coming year, as facility expansions in the area (but not in the District) were approved during 2020 for Vance Outdoors (20,000 additional square feet) and Robertson Construction (1,500 square feet) for their new business operations. Additionally, two industrial speculative buildings located on International Drive (20,000 sq. ft. and 67,000 sq. ft.) were completed in 2020 and are being actively marketed. Plans are also in the works for a 750,000 square foot facility to be constructed in 2021 between Keller Drive and Thornwood Drive.

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

While the early part of FY 21 was characterized by financial uncertainty due to the pandemic, in large part, the District was able to weather the COVID-19 pandemic with the introduction of federal funding and the availability of a vaccine. In FY 21, the District temporarily offered an online and in-person education option. To offset these costs, safety and hygiene costs, educational remediation costs, and the loss in state funding, the District was awarded almost \$3.1 million in COVID-19 related federal funding to be spent over several years.

In addition, the financial impact of the pandemic on the District has generally been more mild than originally feared. General Fund revenues increased 1.3% on a cash basis compared to FY20. FY21 saw property tax collections increase 0.7% and prior state funding cuts were partially reversed allowing an increase of 3.6% compared to FY20. Meanwhile, General Fund expenditures only increased 1.9% in FY21 vs. FY20 on a cash basis as additional costs related to COVID-19 were largely allocated to federal grant funds and capital outlay costs were reallocated to the new permanent improvement levy fund.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2021

OPERATING RESULTS AND MAJOR INITIATIVES

Current:

During fiscal year 2021, the District continued to work toward both operational and educational goals.

Academically, the 2020-21 school year did have achievement and value-added data, but did not have letter grades, nor an overall district grade. While the District's achievement scores declined from a performance index score of 85.7, compared to a performance index of 90.6 in 2018-19, the District actually improved when performance was looked at relative to the state. While the state average performance index score decreased 10 points, Heath City Schools had only a 5 point decline. Looking further at District data, specifically value-added, Heath City Schools compared more favorably to Ohio districts than at any time in district history. Value-added (student growth) data was above expected growth at the district, school, grade and teacher levels. District leadership believe this outstanding performance is attributed to the continued work that we do on instructional improvement, but also on the fact that our students were in person, five days a week for the entire 2020-21 school year. There were many districts in Ohio that were either remote or hybrid for a good portion of the year, whereas Heath City Schools had an in-person and remote learning option. The District had 15% of its students learning remotely in a different curriculum, and the data above includes those students, but all other students received in-person instruction.

Operationally, the District made several strides to modernize facilities, minimize financial variability, and improve its business operations.

- The residents of the Heath City Schools graciously passed a 4.0 mil permanent improvement levy in April of 2020 and began receiving funding the second half of FY 21. This allows the District to more proactively perform maintenance on its aging facilities and avoid large unexpected repairs. It also offers flexibility to the District to either maintain existing facilities or potentially reallocate a portion of these funds toward financing new facilities, should state funding become available and voters approve financing a new construction project. In FY 21, the District replaced visitor bleachers at its football stadium and an ionization system in two of its buildings to help prevent the spread of airborne pathogens such as COVID-19. These costs were paid out of the Permanent Improvement Fund, rather than the General Fund, as would have been the practice in prior years.
- The District continued to modernize its administrative software and systems by expanding the capacity of its Enterprise Resource Planning software to include a human resources module and functionality.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2021

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 2021-22 school year. Our strongest concentration of work will be in the area of literacy. The District is in year two of its comprehensive school literacy grant, and is converting to a researched based ELA curriculum in grades 3-8. The District hired a literacy coordinator who is able to certify our teachers in multi-sensory structured literacy, which is helpful in not only improving literacy instruction, but also in meeting the requirements of the dyslexia support laws which are new in the 2021-22 school year.

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.
- Fully implement the “Leader in Me” program in the elementary grades (K-5) and the LEAD program in grades 7-12.
- Continue excellent growth on the state value-added measure, which is currently an “A”.
- 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.

Operationally, the District will continue to expand the capabilities of its new ERP software system to automate portions of its Fixed Asset tracking. Furthermore, the District will continue to prioritize and address maintenance needs of its physical assets. In FY 22, the District expects to complete a roofing project, and additional upgrades of its HVAC system.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2021

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, 2021

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 Comprehensive Annual 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, 2020. We believe this, our twentieth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

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

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

Respectfully submitted,



Trevor Thomas
Superintendent



Karl Zarins
Treasurer

HEATH CITY SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2021

Members of the Board of Education

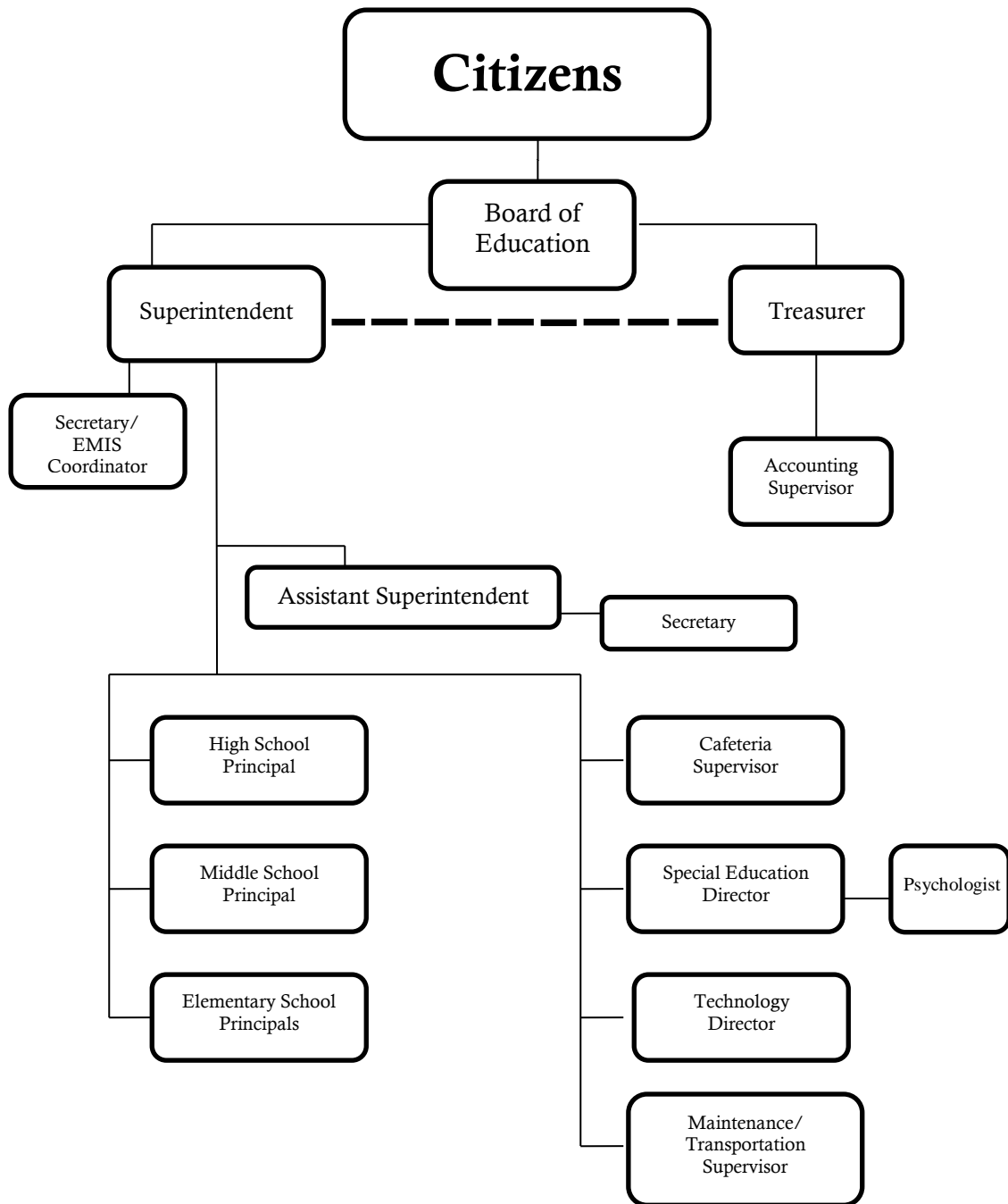
Name	Title	Years of Service
Ms. Debbie Kelley	President	13
Mr. Sam Smith	Vice President	9
Dr. Craig Dyer	Member	5
Dr. Melody Klontz	Member	5
Ms. Dianne Winter	Member	5

Administration

Name	Title	Years of Service	
		Position	Total
Dr. Trevor Thomas	Superintendent	8	19
Mr. Karl Zarins	Treasurer	8	19
Ms. Kelly Holbrook	Assistant Superintendent	8	23

HEATH CITY SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2021



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

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Presented to

**Heath City School District
Ohio**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO



FINANCIAL SECTION



Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Heath City School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Heath City School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of June 30, 2021, 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.

Emphasis of Matters

As described in Note 2 to the financial statements, in 2021, the Heath City School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Heath City School District. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, and 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, 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 and Other 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 27, 2021



HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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, 2021. 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 2021 are as follows:

- ❑ In total, net position increased \$1,299,724, which represents a 70.6% decrease in the net deficit from the 2020 net deficit.
- ❑ General revenues accounted for \$20,712,518 in revenue or 80.3% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$5,068,416 or 19.7% of total revenues of \$25,780,934.
- ❑ The District had \$24,481,210 in expenses related to governmental activities; only \$5,068,416 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$20,357,143 in revenues and \$18,823,550 in expenditures. The general fund's fund balance increased from \$11,234,319 to \$12,687,912.

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, 2021***

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, 2021

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 2021 compared to 2020:

	Governmental Activities		Increase (Decrease)
	2021	Restated 2020	
Assets:			
Current and other assets	\$30,418,736	\$27,242,856	\$3,175,880
Net OPEB Asset	1,179,055	1,073,566	105,489
Capital assets, Net	11,647,302	11,786,279	(138,977)
Total assets	43,245,093	40,102,701	3,142,392
Deferred outflows of resources:			
Pension	4,280,393	3,893,319	387,074
OPEB	665,198	459,632	205,566
Total deferred outflows of resources	4,945,591	4,352,951	592,640
Liabilities:			
Net pension liability	20,716,468	18,279,901	2,436,567
Net OPEB liability	1,524,887	1,693,185	(168,298)
Long-term debt outstanding	9,041,173	10,113,563	(1,072,390)
Other liabilities	2,248,588	2,490,759	(242,171)
Total liabilities	33,531,116	32,577,408	953,708
Deferred inflows of resources:			
Property Tax	12,725,337	10,871,123	1,854,214
Refunding	172,550	201,307	(28,757)
Pension	120,356	863,641	(743,285)
OPEB	2,183,456	1,784,028	399,428
Total deferred inflows of resources	15,201,699	13,720,099	1,481,600
Net position (deficit):			
Net Investment in capital assets	3,920,842	3,646,520	274,322
Restricted	2,713,189	2,474,259	238,930
Unrestricted	(7,176,162)	(7,962,634)	786,472
Total net deficit	(\$542,131)	(\$1,841,855)	\$1,299,724

Net position of the District's governmental activities increased by \$1,299,724. This increase is partly attributed to the increase in taxes due to the revaluation of property in the District and partly as a result of maintaining expenses below revenues. As presented in the table of Changes in Net Position, total governmental expenses of \$24,481,210 were offset by program revenues of \$5,068,416 and general revenues of \$20,712,518.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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

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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 27% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2021 were \$3,920,842. 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, \$2,713,189, 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 \$11.2 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, 2021**

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Changes in Net Position – The following table shows the changes in net position for fiscal years 2021 and 2020:

	Governmental Activities	Restated 2020	Increase (Decrease)
	2021		
Revenues			
Program Revenues:			
Charges for Services and Sales	\$2,535,116	\$2,735,811	(\$200,695)
Operating Grants and Contributions	2,492,212	1,635,333	856,879
Capital Grants and Contributions	41,088	837,500	(796,412)
Total Program Revenues	<u>5,068,416</u>	<u>5,208,644</u>	<u>(140,228)</u>
General Revenues:			
Property Taxes	12,561,869	11,944,337	617,532
Grants and Entitlements	7,737,617	7,392,727	344,890
Other	413,032	546,043	(133,011)
Total General Revenues	<u>20,712,518</u>	<u>19,883,107</u>	<u>829,411</u>
Total Revenues	<u>25,780,934</u>	<u>25,091,751</u>	<u>689,183</u>
Program Expenses			
Instruction	14,273,518	13,103,894	1,169,624
Support Services:			
Pupils Support	1,308,266	1,214,501	93,765
Instructional Staff Support	967,695	846,060	121,635
Board of Education	156,391	138,228	18,163
Administration	1,924,020	1,730,240	193,780
Fiscal Services	705,579	718,154	(12,575)
Business	16,334	11,926	4,408
Operation and Maintenance of Plant	1,706,530	1,736,633	(30,103)
Pupil Transportation	786,334	815,607	(29,273)
Central	419,302	409,538	9,764
Operation of Non-Instructional Services:			
Food Service Operations	970,484	911,863	58,621
Extracurricular Activities	1,000,564	995,357	5,207
Interest and Fiscal Charges	246,193	348,477	(102,284)
Total Expenses	<u>24,481,210</u>	<u>22,980,478</u>	<u>1,500,732</u>
Change in Net Position	<u>1,299,724</u>	<u>2,111,273</u>	<u>(811,549)</u>
Beginning Net Deficit, Restated	<u>(1,841,855)</u>	<u>(3,953,128)</u>	<u>2,111,273</u>
Ending Net Deficit	<u>(\$542,131)</u>	<u>(\$1,841,855)</u>	<u>\$1,299,724</u>

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

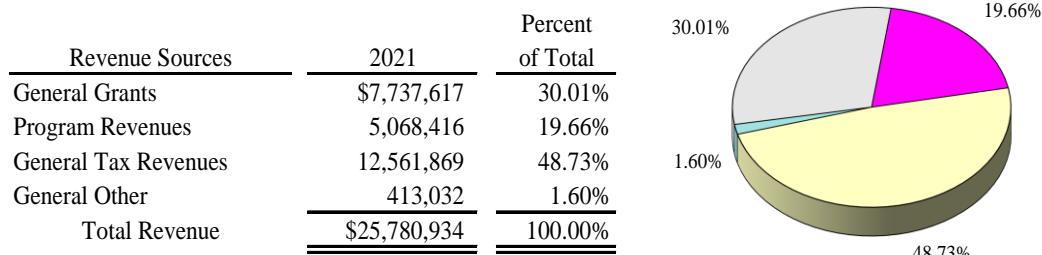
Unaudited

Governmental Activities

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$20,299,486 and represent 98% 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 49% of revenues for governmental activities for Heath City Schools in fiscal year 2021. 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 \$15,107,922, which is higher than last year's total of \$13,592,056. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Restated Fund Balance June 30, 2020	Increase (Decrease)
General	\$12,687,912	\$11,234,319	\$1,453,593
Bond Retirement	1,956,731	1,684,827	271,904
Other Governmental	463,279	672,910	(209,631)
Total	<u>\$15,107,922</u>	<u>\$13,592,056</u>	<u>\$1,515,866</u>

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

Unaudited

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

	2021	Restated 2020	Increase (Decrease)
	Revenues	Revenues	
Taxes	\$10,293,552	\$10,344,526	(\$50,974)
Tuition	2,130,956	2,047,087	83,869
Investment Earnings	(5,519)	323,518	(329,037)
Class Materials and Fees	76,136	77,337	(1,201)
Intergovernmental - State	7,478,464	7,243,918	234,546
All Other Revenue	383,554	195,754	187,800
Total	<u>\$20,357,143</u>	<u>\$20,232,140</u>	<u>\$125,003</u>

General Fund revenues in 2021 increased approximately 0.6% compared to revenues in fiscal year 2020; led by increases in state revenues and other revenues. State funding increased as the financial impact of the COVID-19 pandemic became better understood and the Governor restored a portion of funding cuts instituted in fiscal year 2020. Other revenues include a refund of prior year expenditures. The District receives various contracted instructional services from the Licking County Educational Service Center (ESC). These expenses are estimated at the beginning of the year and deducted from state funding. At the conclusion of the year these expenses are compared to actual expenses. If estimated expenses exceed actual expenses, as in this case, the difference is credited to the next year and recognized as revenue. Tuition increased from the prior year due to a higher number of students attending Heath CSD through open enrollment. There was a 13.3% increase in the number of students enrolled under the open enrollment program. This may have been driven by the District offering in person instruction while neighboring districts did not.

These increases are offset by declines in investment earnings and tax revenue. Investment earnings decreased due to the decline in the fair value of the investments from 2020 and a decline in interest earnings. The tax decrease is attributable to tax advances that are available and fluctuate on an annual basis. The advance for fiscal year 2021 was less than for fiscal year 2020.

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HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
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Unaudited

	2021 Expenditures	2020 Expenditures	Increase (Decrease)
Instruction	\$11,683,630	\$11,177,894	\$505,736
Supporting Services:			
Pupils Support	662,274	778,249	(115,975)
Instructional Staff Support	839,231	707,007	132,224
Board of Education	156,391	138,228	18,163
Administration	1,714,132	1,501,501	212,631
Fiscal Services	635,824	634,393	1,431
Business	16,334	11,926	4,408
Operation and Maintenance of Plant	1,545,663	1,522,193	23,470
Pupil Transportation	640,445	727,512	(87,067)
Central	365,706	372,434	(6,728)
Operation of Non-Instructional Services:			
Food Service Operations	20,671	1,062	19,609
Extracurricular Activities	481,140	600,917	(119,777)
Capital Outlay	1,898	495,108	(493,210)
Debt Service:			
Principal Retirement	58,472	55,378	3,094
Interest and Fiscal Charges	1,739	4,832	(3,093)
Total	<u>\$18,823,550</u>	<u>\$18,728,634</u>	<u>\$94,916</u>

The expenditures increased by \$94,916 or 0.5% compared to the prior year. Instruction services increased 4.5% from the prior year, accounting for the majority of the increase in expenditures from fiscal year 2020. The majority of these increases are explained by an increase in negotiated salaries in fiscal year 2021. Finally, the District's curriculum replacement and improvement cycle required additional resources in fiscal year 2021 compared to prior years.

Instructional staff support costs increased 18.7% from the prior year. The majority of this increase is due to the addition of aides and additional non-contractual duty pay for teachers to respond to operating conditions during pandemic conditions. These costs included the operation of an online option and staffing classrooms during staff quarantines and challenges to find substitute teachers.

Administration costs increased 14.1% from the prior year. The majority of these increases is explained by increases in salary and benefit costs due to negotiated salary increases, substitute costs for an extended illness, additional salary costs of administering an online educational option, and other ancillary salary costs that were better distributed to functional categories. In addition, there were also increases in supply and purchased services costs to allow administrative staff to work from home in the event of mandated closures and quarantines.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

Unaudited

Increases were offset by decreases in Pupil Support, Pupil Transportation, Extracurricular Activities, and Capital Outlay. General Fund Capital Outlay represented the largest decline in costs in fiscal year 2021 compared to fiscal year 2020. The District passed a permanent improvement levy that requires the establishment of its own fund to segregate revenues and expenditures. Therefore, these costs were reallocated to the Permanent Improvement Fund; which is not reflected in the table above. Extracurricular costs also declined 19.9% compared to fiscal year 2020. Because of the pandemic, several extracurricular activities were cancelled or operated at a lesser capacity. Transportation costs declined 12.0% compared to fiscal year 2020. Fiscal year 2020 costs included the purchase of a bus. In fiscal year 2021 and going forward, these costs are reflected in the Permanent Improvement Fund. Finally, pupil support costs declined 14.9% from the prior year largely because guidance counselor costs were shifted to the Wellness Fund and federal grant funds; rather than being paid from the General Fund as reflected above.

Bond Retirement Fund – The fund balance increased 16.1% from fiscal year 2020. The District refinanced its debt several years ago. However, more recently the District decided to maintain its taxing authority to retire the debt early rather than to lower the tax rates. This bond retirement fund balance is expected to continue to grow until there is a sufficient balance to retire its debt, and also end its bond levy earlier.

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 2021 the District amended its General Fund budget several times. Final budget amounts were \$11,232 lower than original budget amounts. Actual expenditures (excluding other financing uses), were 0.41% lower than originally budgeted expenditures and 0.47% lower than the final budgeted expenditures. Final budget amounts and actual expenditures were tracked very closely.

Excluding other financing sources, revenues were 9.5% higher than originally budgeted and 0.3% higher than the final budget. Deviations from the original budget are explained by a lower property tax delinquency rate than anticipated, higher state funding than expected due to a mid-year reduction of funding cuts, a higher open enrollment student population than originally anticipated, and a true up with the Licking County ESC for overpayment for services in the prior year. The General Fund budget actual revenue increased approximately \$62,372 compared to the final budget estimates. This increase was a result of higher state funding than anticipated.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2021, the District had \$11,647,302 net of accumulated depreciation invested in land, buildings, equipment, and vehicles. The following table shows fiscal year 2021 and 2020 balances:

	Governmental Activities		Increase (Decrease)
	2021	2020	
Land	\$438,952	\$438,952	\$0
Land Improvements	3,500,009	3,102,709	397,300
Buildings and Improvements	23,612,500	23,085,263	527,237
Machinery and Equipment	1,678,380	1,632,810	45,570
Vehicles	1,067,041	1,105,670	(38,629)
Construction in Progress	0	240,381	(240,381)
Less: Accumulated Depreciation	(18,649,580)	(17,819,506)	(830,074)
Totals	\$11,647,302	\$11,786,279	(\$138,977)

The District's capital assets decreased in 2021 due to depreciation. Most of the depreciation was offset by an increase in Land Improvements which consisted of visitor side bleachers and press box and an increase in Building of a completed roof. In addition, the District purchased a new school bus and disposed of two old school busses. Additional information on the District's capital assets can be found in Note 9.

Debt

At June 30, 2021, the District had \$9.0 million in general obligation bonds and compensated absences outstanding, \$1,113,877 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2021 and 2020:

	2021	2020
Governmental Activities:		
General Obligation Bonds Payable	\$7,553,910	\$8,655,813
Capital Leases Payable	0	58,472
Compensated Absences	1,487,263	1,399,278
Totals	\$9,041,173	\$10,113,563

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, 2021, 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, 2021***

Unaudited

ECONOMIC FACTORS

The Licking County Auditor performed its latest reappraisal of property values in calendar year 2017, impacting collections for fiscal years 2018 and 2019. The county auditor conducts their reappraisal every 6th year, with an update the third year (CY 2020). This update impacts collections for fiscal years 2021 and 2022. Due to the strong real estate market in central Ohio, low unemployment and growth in Licking County, property values are anticipated to appreciate or remain stable.

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, 2021***

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 11,599,581
Investments	4,684,974
Receivables:	
Taxes	13,520,172
Accounts	12,606
Intergovernmental	288,325
Interest	13,351
Inventory	13,391
Prepaid Items	286,336
Net OPEB Asset	1,179,055
Capital Assets:	
Nondepreciable Capital Assets	438,952
Depreciable Capital Assets, Net	11,208,350
Total Capital Assets, Net	<u>11,647,302</u>
Total Assets	<u>43,245,093</u>
 Deferred Outflows of Resources:	
Pension	4,280,393
OPEB	665,198
Total Deferred Outflows of Resources	<u>4,945,591</u>
 Liabilities:	
Accounts Payable	237,387
Accrued Wages and Benefits	1,658,921
Intergovernmental Payable	300,293
Early Retirement Incentive Payable	29,947
Accrued Interest Payable	22,040
Long Term Liabilities:	
Due Within One Year	1,113,877
Due in More Than One Year:	
Net Pension Liability	20,716,468
Net OPEB Liability	1,524,887
Other Amounts Due in More Than One Year	7,927,296
Total Liabilities	<u>33,531,116</u>

HEATH CITY SCHOOL DISTRICT

	Governmental Activities
Deferred Inflows of Resources:	
Property Taxes	12,725,337
Deferred Gain on Refunding	172,550
Pension	120,356
OPEB	2,183,456
Total Deferred Inflows of Resources	15,201,699
Net Position:	
Net Investment in Capital Assets	3,920,842
Restricted For:	
Capital Projects	416,777
Debt Service	1,948,331
Statutory Purposes	157,228
Federal and State Grant Programs	190,853
Unrestricted (Deficit)	(7,176,162)
Total Net Position (Deficit)	\$ (542,131)

See accompanying notes to the basic financial statements



HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2021

			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	\$ 14,273,518	\$ 2,235,092	\$ 910,701	\$ 0	\$ (11,127,725)	
Support Services:						
Pupils	1,308,266	0	672,605	0	(635,661)	
Instructional Staff	967,695	0	75,793	0	(891,902)	
Board of Education	156,391	0	0	0	(156,391)	
Administration	1,924,020	0	44,853	0	(1,879,167)	
Fiscal Services	705,579	0	0	0	(705,579)	
Business	16,334	0	0	0	(16,334)	
Operation and Maintenance of Plant	1,706,530	0	0	0	(1,706,530)	
Pupil Transportation	786,334	0	7,905	41,088	(737,341)	
Central	419,302	0	28,135	0	(391,167)	
Operation of Non-Instructional Services:						
Food Service Operations	970,484	169,945	752,220	0	(48,319)	
Extracurricular Activities	1,000,564	130,079	0	0	(870,485)	
Interest and Fiscal Charges	246,193	0	0	0	(246,193)	
Total Governmental Activities	\$ 24,481,210	\$ 2,535,116	\$ 2,492,212	\$ 41,088	(19,412,794)	
General Revenues						
Property Taxes Levied for:						
General Purposes					10,246,008	
Debt Service					1,422,031	
Capital Outlay					893,830	
Grants and Entitlements not Restricted to Specific Programs					7,737,617	
Investment Earnings					14,794	
Miscellaneous					398,238	
Total General Revenues					20,712,518	
Change in Net Position					1,299,724	
Net Position (Deficit) Beginning of Year, Restated					(1,841,855)	
Net Position (Deficit) End of Year					<u>\$ (542,131)</u>	

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2021

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 8,903,212	\$ 1,879,001	\$ 817,368	\$ 11,599,581
Investments	4,684,974	0	0	4,684,974
Receivables:				
Taxes	10,670,115	1,477,516	1,372,541	13,520,172
Accounts	2,259	0	10,347	12,606
Intergovernmental	5,281	0	283,044	288,325
Interest	10,307	0	3,044	13,351
Interfund Loan Receivable	197,000	0	0	197,000
Inventory	0	0	13,391	13,391
Prepaid Items	230,870	0	55,466	286,336
Total Assets	<u>\$ 24,704,018</u>	<u>\$ 3,356,517</u>	<u>\$ 2,555,201</u>	<u>\$ 30,615,736</u>
Liabilities:				
Accounts Payable	\$ 93,019	\$ 0	\$ 144,368	\$ 237,387
Accrued Wages and Benefits	1,472,228	0	186,693	1,658,921
Intergovernmental Payable	277,700	0	22,593	300,293
Interfund Loans Payable	0	0	197,000	197,000
Early Retirement Incentive Payable	29,947	0	0	29,947
Total Liabilities	<u>1,872,894</u>	<u>0</u>	<u>550,654</u>	<u>2,423,548</u>
Deferred Inflows of Resources:				
Property Taxes	10,046,574	1,386,146	1,292,617	12,725,337
Unavailable Revenue	96,638	13,640	248,651	358,929
Total Deferred Inflows of Resources	<u>10,143,212</u>	<u>1,399,786</u>	<u>1,541,268</u>	<u>13,084,266</u>
Fund Balances:				
Nonspendable	230,870	0	68,857	299,727
Restricted	0	1,956,731	704,885	2,661,616
Committed	248,247	0	0	248,247
Assigned	211,104	0	0	211,104
Unassigned (Deficit)	11,997,691	0	(310,463)	11,687,228
Total Fund Balances	<u>12,687,912</u>	<u>1,956,731</u>	<u>463,279</u>	<u>15,107,922</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,704,018</u>	<u>\$ 3,356,517</u>	<u>\$ 2,555,201</u>	<u>\$ 30,615,736</u>

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, 2021

Total Governmental Fund Balances		\$ 15,107,922
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		11,647,302
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		358,929
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	4,280,393	
Deferred Inflows - Pension	(120,356)	
Net Pension Liability	<u>(20,716,468)</u>	(16,556,431)
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	665,198	
Deferred Inflows - OPEB	(2,183,456)	
Net OPEB Asset	1,179,055	
Net OPEB Liability	<u>(1,524,887)</u>	(1,864,090)
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	(7,285,000)	
Deferred Gain on Refunding (to be amortized over life of debt)	(172,550)	
Issuance Premium (to be amortized over life of debt)	(268,910)	
Compensated Absences Payable	(1,487,263)	
Accrued Interest Payable	<u>(22,040)</u>	<u>(9,235,763)</u>
<i>Net Position (Deficit) of Governmental Activities</i>		<u><u>\$ (542,131)</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, 2021

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 10,293,552	\$ 1,428,262	\$ 885,661	\$ 12,607,475
Tuition	2,130,956	0	0	2,130,956
Food Services	0	0	169,945	169,945
Investment Earnings	(5,519)	0	21,564	16,045
Extracurricular Activities	0	0	130,079	130,079
Class Materials and Fees	76,136	0	0	76,136
Intergovernmental - State	7,478,464	240,982	397,765	8,117,211
Intergovernmental - Federal	0	0	2,059,005	2,059,005
All Other Revenue	383,554	0	42,684	426,238
Total Revenues	20,357,143	1,669,244	3,706,703	25,733,090
Expenditures:				
Current:				
Instruction	11,683,630	0	1,226,334	12,909,964
Supporting Services:				
Pupils	662,274	0	553,388	1,215,662
Instructional Staff	839,231	0	57,715	896,946
Board of Education	156,391	0	0	156,391
Administration	1,714,132	0	46,597	1,760,729
Fiscal Services	635,824	22,099	12,979	670,902
Business	16,334	0	0	16,334
Operation and Maintenance of Plant	1,545,663	0	0	1,545,663
Pupil Transportation	640,445	0	127,805	768,250
Central	365,706	0	41,764	407,470
Operation of Non-Instructional Services:				
Food Service Operations	20,671	0	928,547	949,218
Extracurricular Activities	481,140	0	225,872	707,012
Capital Outlay	1,898	0	767,646	769,544
Debt Service:				
Principal Retirement	58,472	1,110,000	0	1,168,472
Interest and Fiscal Charges	1,739	265,241	0	266,980
Total Expenditures	18,823,550	1,397,340	3,988,647	24,209,537
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,533,593	271,904	(281,944)	1,523,553

HEATH CITY SCHOOL DISTRICT

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Transfers In	0	0	80,000	80,000
Transfers Out	(80,000)	0	0	(80,000)
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>0</u>	<u>80,000</u>	<u>0</u>
Net Change in Fund Balances	1,453,593	271,904	(201,944)	1,523,553
Fund Balances at Beginning of Year, Restated	11,234,319	1,684,827	672,910	13,592,056
Decrease in Inventory	0	0	(7,687)	(7,687)
Fund Balances End of Year	<u>\$ 12,687,912</u>	<u>\$ 1,956,731</u>	<u>\$ 463,279</u>	<u>\$ 15,107,922</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, 2021***

Net Change in Fund Balances - Total Governmental Funds **\$ 1,523,553**

***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. (119,936)

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase net position. (19,041)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 47,844

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,592,305

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (2,853,489)

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. 34,901

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. 1,168,472

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 127

HEATH CITY SCHOOL DISTRICT

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	(87,985)	
Interest Accretion	(52,915)	
Amortization of Deferred Gain on Refunding	28,757	
Amortization of Premium on Bond Issuance	44,818	
Change in Inventory	<u>(7,687)</u>	(75,012)
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 1,299,724</u></u>

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, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 9,584,018	\$ 10,389,152	\$ 10,389,152	\$ 0
Tuition	1,837,900	2,130,956	2,130,956	0
Investment Earnings	60,000	62,229	65,513	3,284
Class Material and Fees	3,000	5,000	3,833	(1,167)
Intergovernmental - State	7,057,806	7,417,891	7,477,277	59,386
All Other Revenues	94,000	336,122	336,991	869
Total Revenues	18,636,724	20,341,350	20,403,722	62,372
Expenditures:				
Current:				
Instruction	11,454,528	11,600,533	11,577,670	22,863
Support Services:				
Pupils	699,509	656,643	651,417	5,226
Instructional Staff	719,038	827,106	820,479	6,627
Board of Education	162,900	180,092	176,812	3,280
Administration	1,556,276	1,700,790	1,689,096	11,694
Fiscal Services	778,870	637,243	635,823	1,420
Business	17,400	16,400	16,334	66
Operation and Maintenance of Plant	1,481,250	1,558,842	1,542,713	16,129
Pupil Transportation	922,150	628,527	625,769	2,758
Central	339,023	405,505	401,197	4,308
Non-Instructional Services:				
Food Services	1,100	1,400	1,057	343
Extracurricular Activities	532,949	514,529	500,194	14,335
Capital Outlay	85,570	34,185	34,185	0
Debt Service:				
Principal Retirement	58,472	58,472	58,472	0
Interest and Fiscal Charges	1,739	1,739	1,739	0
Total Expenditures	18,810,774	18,822,006	18,732,957	89,049
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(174,050)	1,519,344	1,670,765	151,421

HEATH CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	0	0	0
Transfers Out	(500,000)	(123,035)	(93,989)	29,046
Advances In	50,000	65,000	50,000	(15,000)
Advances Out	(50,000)	(200,000)	(197,000)	3,000
Total Other Financing Sources (Uses)	(499,000)	(258,035)	(240,989)	17,046
Net Change in Fund Balance	(673,050)	1,261,309	1,429,776	168,467
Fund Balance at Beginning of Year	11,602,076	11,602,076	11,602,076	0
Prior Year Encumbrances	165,010	165,010	165,010	0
Fund Balance at End of Year	<u>\$ 11,094,036</u>	<u>\$ 13,028,395</u>	<u>\$ 13,196,862</u>	<u>\$ 168,467</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, 2021

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 125 certified teaching personnel and administrative employees providing education to 1,715 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, 2021

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, governmental long-term debt principal and interest.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2021

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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

All funds other than custodial 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 2021.

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, 2021

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	
	<u>General Fund</u>
GAAP Basis (as reported)	\$1,453,593
Increase (Decrease):	
Accrued Revenues	
at June 30, 2021,	
received during FY 2022	(741,750)
Accrued Revenues	
at June 30, 2020,	
received during FY 2021	704,947
Accrued Expenditures	
at June 30, 2021,	
paid during FY 2022	1,872,894
Accrued Expenditures	
at June 30, 2020,	
paid during FY 2021	(1,933,703)
FY 2020 Prepays for FY 2021	232,672
FY 2021 Prepays for FY 2022	(230,870)
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	14,139
Adjustment to Fair Value	65,284
Encumbrances Outstanding	(7,430)
Budget Basis	<u>\$1,429,776</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2021, 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, 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 2021, 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 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. 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, 2021

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, 2021, 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.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

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

L. Compensated Absences

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

M. Net Position

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

The District policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The District did not have net position restricted by enabling legislation at June 30, 2021.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance

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

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2021. 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 2021, the District had no extraordinary or special items.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pensions and for OPEB. The deferred outflows of resources related to pensions and OPEB are explained in Notes 10 and 11, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported on the government wide statement of net position for deferred gains on refunding and deferred inflows of resources related to pensions 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 PRINCIPLES/RESTATEMENT OF FUND BALANCE /NET POSITION

For 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, “Fiduciary Activities,” and Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.”

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.

The implementation of GASB 84 had the following effect on net position and fund balance as reported June 30, 2020:

	Governmental Activities	General Fund	Other Governmental Funds	Total Governmental Funds
Net Position/Fund Balance June 30, 2020	(\$1,893,818)	\$11,233,358	\$621,908	\$13,540,093
Adjustments:				
GASB 84 Fund Reclassification	51,963	961	51,002	51,963
Restated Net Position/ Fund Balance June 30, 2020	<u>(\$1,841,855)</u>	<u>\$11,234,319</u>	<u>\$672,910</u>	<u>\$13,592,056</u>

Related to the implementation of GASB Statement 84, the District will no longer be reporting agency funds.

GASB Statement No. 90 establishes criteria for reporting a government’s majority equity interest in a legally separate organization. The implementation of this statement did not result in a restatement of the District’s financial statements.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid Items	\$230,870	\$0	\$55,466	\$286,336
Supplies Inventory	0	0	13,391	13,391
Total Nonspendable	<u>230,870</u>	<u>0</u>	<u>68,857</u>	<u>299,727</u>
Restricted:				
Food Service Operations	0	0	39,613	39,613
Extracurricular Activities	0	0	106,267	106,267
Technology Improvements	0	0	437	437
Student Wellness and Success	0	0	154,164	154,164
Limited English Proficiency	0	0	916	916
Debt Service Payments	0	1,956,731	0	1,956,731
Capital Improvements	0	0	403,488	403,488
Total Restricted	<u>0</u>	<u>1,956,731</u>	<u>704,885</u>	<u>2,661,616</u>
Committed:				
Employee Health Insurance	248,247	0	0	248,247
Total Committed	<u>248,247</u>	<u>0</u>	<u>0</u>	<u>248,247</u>
Assigned:				
Assigned to Other Purposes	211,104	0	0	211,104
Total Assigned	<u>211,104</u>	<u>0</u>	<u>0</u>	<u>211,104</u>
Unassigned (Deficit)	<u>11,997,691</u>	<u>0</u>	<u>(310,463)</u>	<u>11,687,228</u>
Total Fund Balances	<u><u>\$12,687,912</u></u>	<u><u>\$1,956,731</u></u>	<u><u>\$463,279</u></u>	<u><u>\$15,107,922</u></u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2021*

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	\$899,929
Depreciation Expense	(1,019,865)
	<u>(\$119,936)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$45,606)
Decrease in Accounts Receivable	(\$10,976)
Increase in Intergovernmental Grants Receivable	105,677
Decrease in Interest Earnings	(1,251)
	<u>\$47,844</u>

Amount of current year contractually required contributions deferred:

Pension Contributions	\$1,547,281
OPEB Contributions	45,024
	<u>\$1,592,305</u>

Amount of bond and lease principal payments:

Bond Principal Payment	\$1,110,000
Capital Lease Payment	58,472
	<u>\$1,168,472</u>

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2021

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, 2021

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

A. Deposits (Continued)

At year end the carrying amount of the District's deposits was \$10,435,513 and the bank balance was \$10,452,844. Federal depository insurance covered \$10,424,342 of the bank balance and \$28,502 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held in the Ohio Pooled Collateral System	\$28,502
Total Balance	\$28,502

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 2021 amounted to \$65,513. This includes \$55,388 assigned from other District funds; however, the reduction in fair value of the investments in the General Fund resulted in reporting negative investment earnings in the General Fund.

B. Investments

The District's investments at June 30, 2021 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3 years	3-5 years
STAR Ohio	\$1,165,168	a AAAM ²	\$1,165,168	\$0	\$0
FFCB Notes	160,105	Aaa ¹ , AA+ ²	160,105	0	0
FHLMC Notes	580,924	Aaa ¹ , AA+ ²	0	199,555	381,369
Commercial Paper	1,069,341	P-1 ¹	1,069,341	0	0
Negotiable CD	2,873,504	AAA ³	911,205	1,962,299	0
Total Investments	\$5,849,042		\$3,305,819	\$2,161,854	\$381,369

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, 2021

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

B. Investments (Continued)

The District's investments in federal agency securities (FFCB and FHLMC), 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, 20% are STAR Ohio, 3% are FFCB, 10 are FHLMC, 18% are Commercial Paper, and 49% 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	\$11,599,581	\$4,684,974
Certificates of Deposit (with maturities of more than 3 months)	1,100	(1,100)
STAR Ohio	(1,165,168)	1,165,168
Per GASB Statement No. 3	<u>\$10,435,513</u>	<u>\$5,849,042</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, 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 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 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, 2021, are available to finance fiscal year 2021 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 2021 receipts were based are:

	Assessed Values for Collection in:	
	2020 Second Half	2021 First Half
Agricultural/Residential and Other Real Estate	\$261,638,294	\$285,512,290
Public Utility Personal	20,431,940	22,460,320
Total Assessed Value	<u>\$282,070,234</u>	<u>\$307,972,610</u>
Tax rate per \$1,000 of assessed valuation	\$62.00	\$64.80

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2021, 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 2021, the District's property tax revenues were reduced under agreements entered into by another government as follows:

<u>Government Entering Into Agreement</u>	<u>District Taxes Abated</u>
City of Heath	\$ 561,246

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of accounts, taxes, intergovernmental and interest 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, 2021:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$197,000	\$0
Nonmajor Governmental Funds	0	197,000
Totals	<u>\$197,000</u>	<u>\$197,000</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, 2021.

B. Interfund Transfers

Following is a summary of transfers in and out for all funds for fiscal year 2021:

Fund	Transfers In	Transfers Out
General Fund	\$0	\$80,000
Nonmajor Governmental Funds	80,000	0
Total All Funds	<u>\$80,000</u>	<u>\$80,000</u>

Transfers from the General Fund were made to provide additional resources for a nonmajor governmental fund. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2021:

Historical Cost:

Class	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Capital Assets not being depreciated:				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	240,381	0	(240,381)	0
Subtotal	679,333	0	(240,381)	438,952
Capital Assets being depreciated:				
Land Improvements	3,102,709	436,800	(39,500)	3,500,009
Buildings and Improvements	23,085,263	538,040	(10,803)	23,612,500
Furniture, Fixtures and Equipment	1,632,810	45,570	0	1,678,380
Vehicles	1,105,670	119,900	(158,529)	1,067,041
Subtotal	28,926,452	1,140,310	(208,832)	29,857,930
Total Cost	\$29,605,785	\$1,140,310	(\$449,213)	\$30,296,882

Accumulated Depreciation:

Class	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Land Improvements	(\$1,869,468)	(\$143,902)	\$23,700	(\$1,989,670)
Buildings and Improvements	(13,833,891)	(708,839)	7,562	(14,535,168)
Furniture, Fixtures and Equipment	(1,299,795)	(85,883)	0	(1,385,678)
Vehicles	(816,352)	(81,241)	158,529	(739,064)
Total Depreciation	(\$17,819,506)	(\$1,019,865) *	\$189,791	(\$18,649,580)
Net Value:	\$11,786,279			\$11,647,302

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$485,727
Support Services:	
Pupils	22,300
Instructional Staff	22,333
Administration	45,848
Fiscal Services	2,118
Operations and Maintenance of Plant	58,828
Pupil Transportation	98,259
Central	3,418
Operation of Non-Instructional Services:	
Food Service	39,533
Extracurricular Activities	241,501
Total Depreciation Expense	\$1,019,865

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2021

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	Age 65 with 5 years of service credit; or 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. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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, 2021, 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, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

The District's contractually required contribution to SERS was \$334,415 for fiscal year 2021. Of this amount \$14,330 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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 at age fifty and after termination of employment.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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, 2021, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2021 contribution rates were equal to the statutory maximum rates, and the full employer contribution was allocated to the pension fund.

The District's contractually required contribution to STRS was \$1,212,866 for fiscal year 2021. Of this amount \$223,968 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, 2020, 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.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements **For the Fiscal Year Ended June 30, 2021**

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)

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$4,483,767	\$16,232,701	\$20,716,468
Proportion of the Net Pension Liability -2021	0.0677899%	0.06708714%	
Proportion of the Net Pension Liability -2020	0.0659427%	0.06481946%	
Percentage Change	0.0018472%	0.00226768%	
Pension Expense	\$567,544	\$2,285,945	\$2,853,489

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$8,709	\$36,422	\$45,131
Change of assumptions	0	871,381	871,381
Net difference between projected and actual earnings on pension plan investments	284,629	789,398	1,074,027
District contributions subsequent to the measurement date	334,415	1,212,866	1,547,281
Changes in proportionate share	67,000	675,573	742,573
Total Deferred Outflows of Resources	\$694,753	\$3,585,640	\$4,280,393
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$103,796	\$103,796
Changes in proportionate share	16,560	0	16,560
Total Deferred Inflows of Resources	\$16,560	\$103,796	\$120,356

\$1,547,281 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$25,274	\$755,524	\$780,798
2023	110,751	455,825	566,576
2024	118,641	606,111	724,752
2025	89,112	451,518	540,630
Total	\$343,778	\$2,268,978	\$2,612,756

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

For 2020, the mortality rates were based on the 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 were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$6,142,213	\$4,483,767	\$3,092,299

State Teachers Retirement System (STRS)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020 actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Asset Class	Target Allocation *	Long Term Expected Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**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 7.45 percent as of June 30, 2020. 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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1 % Decrease (6.45%)	Current Discount Rate (7.45%)	1 % Increase (8.45%)
District's proportionate share of the net pension liability	\$23,112,540	\$16,232,701	\$10,402,610

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2021

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 Comprehensive Annual 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 2021, 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 2021, this amount was \$23,000. 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 2021, the District's surcharge obligation was \$45,024.

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 \$45,024 for fiscal year 2021, which is reported as an intergovernmental payable.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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 2021, 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, 2020, 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)	\$1,524,887	(\$1,179,055)	\$345,832
Proportion of the Net OPEB Liability (Asset) -2021	0.0701637%	0.06708714%	
Proportion of the Net OPEB Liability (Asset) -2020	0.0673291%	0.06481946%	
Percentage Change	0.0028346%	0.00226768%	
OPEB Expense	\$26,295	(\$61,196)	(\$34,901)

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2021, 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	\$20,028	\$75,550	\$95,578
Changes of assumptions	259,942	19,462	279,404
Net difference between projected and actual earnings on OPEB plan investments	17,181	41,322	58,503
Changes in proportionate share	148,912	37,777	186,689
District contributions subsequent to the measurement date	45,024	0	45,024
Total Deferred Outflows of Resources	<u>\$491,087</u>	<u>\$174,111</u>	<u>\$665,198</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$775,510	\$234,851	\$1,010,361
Changes of assumptions	38,409	1,119,905	1,158,314
Changes in proportionate share	14,781	0	14,781
Total Deferred Inflows of Resources	<u>\$828,700</u>	<u>\$1,354,756</u>	<u>\$2,183,456</u>

\$45,024 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, 2022. 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:			
2022	(\$71,642)	(\$295,555)	(\$367,197)
2023	(70,397)	(267,582)	(337,979)
2024	(70,601)	(257,773)	(328,374)
2025	(82,342)	(251,712)	(334,054)
2026	(66,521)	(51,574)	(118,095)
Thereafter	(21,134)	(56,449)	(77,583)
Total	<u>(\$382,637)</u>	<u>(\$1,180,645)</u>	<u>(\$1,563,282)</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare - Measurement Date	5.25 to 4.75 percent
Pre-Medicare - Measurement Date	7.00 to 4.75 percent
Medicare - Prior Measurement Date	5.25 to 4.75 percent
Pre-Medicare - Prior Measurement Date	7.00 to 4.75 percent

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. 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, 7.50 percent, 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, 2015 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 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2020 was 2.63%. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). 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 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$1,866,424	\$1,524,887	\$1,253,366

	1% Decrease (6.00% Decreasing to 3.75%)	Current Trend Rate (7.00% Decreasing to 4.75%)	1% Increase (8.00% Decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,200,732	\$1,524,887	\$1,958,364

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	(6.69%) initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% initial, 4% ultimate

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on

** 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 7.45 percent as of June 30, 2020. 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 7.45% was used to measure the total OPEB liability as of June 30, 2020.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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 7.45 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 (6.45 percent), or one percentage point higher (8.45 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 (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net OPEB liability (asset)	(\$1,025,855)	(\$1,179,055)	(\$1,309,041)

	<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)	(\$1,300,972)	(\$1,179,055)	(\$1,030,543)

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2021 because they have been called.

Detail of the changes in the bonds, capital leases payable and compensated absences of the District for the year ended June 30, 2021 is as follows:

		Balance June 30, 2020	Issued	Retired	Balance June 30, 2021	Due Within One Year
Governmental Activities:						
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	\$900,000	\$0	(\$5,000)	\$895,000	\$25,000
School Improvement Bonds-Refunding-2005	2.75-4.2%	216,252	0	(216,252)	0	0
School Improvement Bonds-Refunding-2015	2-4%	6,450,000	0	(60,000)	6,390,000	975,000
Subtotal General Obligation Bonds Payable		7,566,252	0	(281,252)	7,285,000	1,000,000
Premium on Refunding Bonds		313,728	0	(44,818)	268,910	0
Interest Accretion		775,833	52,915	(828,748)	0	0
Total General Obligation Bonds Payable		8,655,813	52,915	(1,154,818)	7,553,910	1,000,000
Capital Leases		58,472	0	(58,472)	0	0
Compensated Absences		1,399,278	258,025	(170,040)	1,487,263	113,877
Total Governmental Activities		\$10,113,563	\$310,940	(\$1,383,330)	\$9,041,173	\$1,113,877

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, 2021, follows:

Years	General Obligation Bonds Payable	
	Principal	Interest
2022	\$1,000,000	\$249,059
2023	1,135,000	209,453
2024	1,180,000	162,563
2025	1,225,000	119,119
2026	1,270,000	76,800
2027-2028	1,475,000	38,128
Totals	\$7,285,000	\$855,122

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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 2021 the District contracted with Ohio School plan for various insurance coverages, Indian Harbor Insurance Company for cyber coverage and a Lloyd's America, Inc insurance syndicate for excess cyber insurance as follows:

<u>Coverage</u>	<u>Deductible</u>	<u>Aggregate</u>
	\$1,000/Comprehensive for buses, \$2550 for autos	
	\$1,000/Collision for busses, \$500 for autos	\$4,000,000
Fleet Insurance		
Buildings and Contents	\$1,000	\$58,972,908
School District Liability	\$2,500	\$4,000,000
Educational Fiduciary and Employee Benefits Liability	\$2,500	\$6,000,000
School Leaders Errors and Omissions	\$2,500	\$6,000,000
Employee Theft and Crime	\$500	\$100,000
Cyber	\$5,000	\$1,000,000
Excess Cyber	\$0	\$1,000,000

Except for excess policy, crime, inland marine and computers, 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.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 13 - RISK MANAGEMENT (Continued)

The District was a member of a cyber risk insurance pool with other school districts that was insured by Indian Harbor Insurance Company. The pool's liability insurance was limited to \$10 million in aggregate or \$1 million per school per incident. This pool is reinsured by a Lloyd's reinsurance syndicate administered by Paragon for excess cyber coverage with a pool aggregate limit set at \$50 million or \$1 million per school per incident over and above the first cyber policy for the policy period. Coverage limits reflected in the table above are limits per pool member. The excess cyber insurance pool policy is non-licensed in the State of Ohio and is not covered by the Ohio Insurance Guaranty Association in the case of insolvency.

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 Anthem Blue Cross and Blue Shield 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, 2021

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, 2021, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2020	\$0
Current Year Additions	318,308
Qualifying Offset	(226,792)
Current Year Disbursements	(121,064)
Totals	(\$29,548)
Balance Carried Forward to FY2022	\$0

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 and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of nineteen members made up of the nineteen district superintendents or their designees. The District paid LACA \$266,446 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Streby, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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, 2021, 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, 2021.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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	\$7,430
Other Governmental Funds	<u>59,975</u>
Total Governmental Funds	<u><u>\$67,405</u></u>

NOTE 18 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2021 of \$229,015 in the Elementary and Secondary School Emergency Relief Fund, \$39,059 in the Title VI-B Fund, \$11,617 in the Title I Fund, and \$17,016 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 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

HEATH CITY SCHOOL DISTRICT

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

State Teachers Retirement System

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

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

School Employees Retirement System

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

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

Notes: The District implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available.

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
0.06160468%	0.06196745%	0.06307086%	0.06481946%	0.06708714%
\$20,620,943	\$14,720,501	\$13,867,866	\$14,334,434	\$16,232,701
\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543	\$7,996,893
311.26%	218.30%	191.48%	189.32%	202.99%
66.80%	75.30%	77.30%	77.40%	75.48%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
0.06282560%	0.06279870%	0.06748890%	0.06594270%	0.06778990%
\$4,598,254	\$3,752,084	\$3,865,214	\$3,945,467	\$4,483,767
\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059	\$2,289,671
235.67%	179.76%	181.66%	177.16%	195.83%
62.98%	69.50%	71.36%	70.85%	68.55%

HEATH CITY SCHOOL DISTRICT

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

State Teachers Retirement System

Fiscal Year	2012	2013	2014	2015
Contractually required contribution	\$928,456	\$866,001	\$805,538	\$860,131
Contributions in relation to the contractually required contribution	928,456	866,001	805,538	860,131
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$7,141,969	\$6,661,546	\$6,196,446	\$6,143,793
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	14.00%

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

School Employees Retirement System

Fiscal Year	2012	2013	2014	2015
Contractually required contribution	\$248,002	\$267,033	\$211,612	\$232,024
Contributions in relation to the contractually required contribution	248,002	267,033	211,612	232,024
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$1,843,881	\$1,929,429	\$1,526,782	\$1,760,425
Contributions as a percentage of covered payroll	13.45%	13.84%	13.86%	13.18%

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$927,513	\$944,064	\$1,013,919	\$1,060,016	\$1,119,565	\$1,212,866
<u>927,513</u>	<u>944,064</u>	<u>1,013,919</u>	<u>1,060,016</u>	<u>1,119,565</u>	<u>1,212,866</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543	\$7,996,893	\$8,663,329
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$273,158	\$292,213	\$287,240	\$300,653	\$320,554	\$334,415
<u>273,158</u>	<u>292,213</u>	<u>287,240</u>	<u>300,653</u>	<u>320,554</u>	<u>334,415</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059	\$2,289,671	\$2,388,679
14.00%	14.00%	13.50%	13.50%	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 Five 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>
0.06481946%	0.06708714%
(\$1,073,566)	(\$1,179,055)
\$7,571,543	\$7,996,893
(14.18%)	(14.74%)
174.74%	182.13%

<u>2020</u>	<u>2021</u>
0.06732910%	0.07016370%
\$1,693,185	\$1,524,887
\$2,227,059	\$2,289,671
76.03%	66.60%
15.57%	18.17%

HEATH CITY SCHOOL DISTRICT

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

State Teachers Retirement System

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$71,420	\$66,615	\$61,964	\$0
Contributions in relation to the contractually required contribution	<u>71,420</u>	<u>66,615</u>	<u>61,964</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$7,141,969	\$6,661,546	\$6,196,446	\$6,143,793
Contributions as a percentage of covered payroll	1.00%	1.00%	1.00%	0.00%

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

School Employees Retirement System

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$32,543	\$28,773	\$27,849	\$45,014
Contributions in relation to the contractually required contribution	<u>32,543</u>	<u>28,773</u>	<u>27,849</u>	<u>45,014</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$1,843,881	\$1,929,429	\$1,526,782	\$1,760,425
Contributions as a percentage of covered payroll	1.76%	1.49%	1.82%	2.56%

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</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>
\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543	\$7,996,893	\$8,663,329
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$29,156	\$31,528	\$45,529	\$51,063	\$44,215	\$45,024
<u>29,156</u>	<u>31,528</u>	<u>45,529</u>	<u>51,063</u>	<u>44,215</u>	<u>45,024</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059	\$2,289,671	\$2,388,679
1.49%	1.51%	2.14%	2.29%	1.93%	1.88%

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021

NET PENSION LIABILITY

SERS

Changes in benefit terms – For fiscal year 2021, 2020 and 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 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, 2021

STRS

Changes in benefit terms – For fiscal year 2021, 2020 and 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.

Changes in assumptions – 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.

NET OPEB LIABILITY (ASSET)

SERS

Changes in benefit terms – For fiscal year 2021 - 2018, there were no changes to benefit terms.

Changes in assumptions – 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

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021

SERS (Continued)

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 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.

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 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021

STRS (Continued)

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.

Changes in assumptions – 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 7.73 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.62 percent to 6.50 initial, 4 percent ultimate

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021

STRS (Continued)

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 5.87 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from -5.23 percent to 9.62 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 – 5 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 6 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – -5.23 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – 8 percent initial, 4 percent ultimate

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.

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

Public School Support Fund

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

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.

Data Communications Fund

To account for monies received to assist the District with data connectivity for student instruction and communications.

Student Wellness and Success Fund

To account for monies received to assist the District to plan and launch health and wellness services to meet the needs of student wellness initiatives.

(Continued)

HEATH CITY SCHOOL DISTRICT

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.

Coronavirus Relief Fund

This fund is used to account for Coronavirus Relief funds received through passage of the CARES Act. These funds can be used for necessary expenditures incurred due to the Covid-19 public health emergency. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year end.)

Title VI-B Fund

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

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.

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

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.

(Continued)

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds (Continued)

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, 2021***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 443,434	\$ 373,934	\$ 817,368
Receivables:			
Taxes	0	1,372,541	1,372,541
Accounts	10,347	0	10,347
Intergovernmental	283,044	0	283,044
Interest	0	3,044	3,044
Inventory	13,391	0	13,391
Prepaid Items	55,466	0	55,466
Total Assets	\$ 805,682	\$ 1,749,519	\$ 2,555,201
Liabilities:			
Accounts Payable	\$ 104,243	\$ 40,125	\$ 144,368
Accrued Wages and Benefits	186,693	0	186,693
Intergovernmental Payable	22,593	0	22,593
Interfund Loans Payable	197,000	0	197,000
Total Liabilities	510,529	40,125	550,654
Deferred Inflows of Resources:			
Property Taxes	0	1,292,617	1,292,617
Unavailable Revenue	235,362	13,289	248,651
Total Deferred Inflows of Resources	235,362	1,305,906	1,541,268
Fund Balances:			
Nonspendable	68,857	0	68,857
Restricted	301,397	403,488	704,885
Unassigned	(310,463)	0	(310,463)
Total Fund Balances	59,791	403,488	463,279
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 805,682	\$ 1,749,519	\$ 2,555,201

HEATH CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Local Sources:			
Taxes	\$ 0	\$ 885,661	\$ 885,661
Food Services	169,945	0	169,945
Investment Earnings	0	21,564	21,564
Extracurricular Activities	130,079	0	130,079
Intergovernmental - State	368,618	29,147	397,765
Intergovernmental - Federal	2,059,005	0	2,059,005
All Other Revenue	42,684	0	42,684
Total Revenue	<u>2,770,331</u>	<u>936,372</u>	<u>3,706,703</u>
Expenditures:			
Current:			
Instruction	976,279	250,055	1,226,334
Supporting Services:			
Pupils	553,388	0	553,388
Instructional Staff	57,715	0	57,715
Administration	46,597	0	46,597
Fiscal Services	0	12,979	12,979
Pupil Transportation	48,993	78,812	127,805
Central	36,128	5,636	41,764
Operation of Non-Instructional Services:			
Food Service Operations	928,547	0	928,547
Extracurricular Activities	225,872	0	225,872
Capital Outlay	53,596	714,050	767,646
Total Expenditures	<u>2,927,115</u>	<u>1,061,532</u>	<u>3,988,647</u>
Excess (Deficiency) of Revenues Over Expenditures	(156,784)	(125,160)	(281,944)
Other Financing Sources (Uses):			
Transfers In	80,000	0	80,000
Total Other Financing Sources (Uses)	<u>80,000</u>	<u>0</u>	<u>80,000</u>
Net Change in Fund Balance	(76,784)	(125,160)	(201,944)
Fund Balances at Beginning of Year, Restated	144,262	528,648	672,910
Increase in Inventory	(7,687)	0	(7,687)
Fund Balances End of Year	<u>\$ 59,791</u>	<u>\$ 403,488</u>	<u>\$ 463,279</u>

HEATH CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021**

	Food Service	Student Managed Activity	District Managed Student Activity	Data Communication
Assets:				
Cash and Cash Equivalents	\$ 128,179	\$ 54,168	\$ 60,467	\$ 437
Receivables:				
Accounts	10,347	0	0	0
Intergovernmental	0	0	0	0
Inventory	13,391	0	0	0
Prepaid Items	13,013	0	0	0
Total Assets	<u>\$ 164,930</u>	<u>\$ 54,168</u>	<u>\$ 60,467</u>	<u>\$ 437</u>
Liabilities:				
Accounts Payable	\$ 39,851	\$ 0	\$ 7,690	\$ 0
Accrued Wages and Benefits	47,714	0	587	0
Intergovernmental Payable	11,348	0	91	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	<u>98,913</u>	<u>0</u>	<u>8,368</u>	<u>0</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	26,404	0	0	0
Restricted	39,613	54,168	52,099	437
Unassigned	0	0	0	0
Total Fund Balances (Deficit)	<u>66,017</u>	<u>54,168</u>	<u>52,099</u>	<u>437</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 164,930</u>	<u>\$ 54,168</u>	<u>\$ 60,467</u>	<u>\$ 437</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Student Wellness and Success	Other State Grants	Elementary and Secondary School Emergency Relief	Title VI-B
Assets:				
Cash and Cash Equivalents	\$ 187,829	\$ 0	\$ 1,181	\$ 5,954
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	221,391	23,046
Inventory	0	0	0	0
Prepaid Items	4,697	24,000	2,780	5,296
Total Assets	<u>\$ 192,526</u>	<u>\$ 24,000</u>	<u>\$ 225,352</u>	<u>\$ 34,296</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 35,538	\$ 0
Accrued Wages and Benefits	29,054	0	49,282	42,843
Intergovernmental Payable	4,611	0	3,840	1,512
Interfund Loans Payable	0	0	154,000	29,000
Total Liabilities	<u>33,665</u>	<u>0</u>	<u>242,660</u>	<u>73,355</u>
Deferred Inflows of Resources:				
Unavailable Revenue	0	0	211,707	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>211,707</u>	<u>0</u>
Fund Balances:				
Nonspendable	4,697	24,000	2,780	5,296
Restricted	154,164	0	0	0
Unassigned	0	0	(231,795)	(44,355)
Total Fund Balances (Deficit)	<u>158,861</u>	<u>24,000</u>	<u>(229,015)</u>	<u>(39,059)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 192,526</u>	<u>\$ 24,000</u>	<u>\$ 225,352</u>	<u>\$ 34,296</u>

HEATH CITY SCHOOL DISTRICT

Title III Limited English Proficiency	Title I	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 1,204	\$ 2,091	\$ 1,924	\$ 443,434
0	0	0	10,347
0	9,910	28,697	283,044
0	0	0	13,391
0	5,680	0	55,466
<u>\$ 1,204</u>	<u>\$ 17,681</u>	<u>\$ 30,621</u>	<u>\$ 805,682</u>
\$ 288	\$ 0	\$ 20,876	\$ 104,243
0	17,213	0	186,693
0	85	1,106	22,593
0	12,000	2,000	197,000
<u>288</u>	<u>29,298</u>	<u>23,982</u>	<u>510,529</u>
0	0	23,655	235,362
<u>0</u>	<u>0</u>	<u>23,655</u>	<u>235,362</u>
0	5,680	0	68,857
916	0	0	301,397
0	(17,297)	(17,016)	(310,463)
<u>916</u>	<u>(11,617)</u>	<u>(17,016)</u>	<u>59,791</u>
<u>\$ 1,204</u>	<u>\$ 17,681</u>	<u>\$ 30,621</u>	<u>\$ 805,682</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, 2021***

	Food Service	Student Managed Activity	District Managed Student Activity	Data Communication
Revenues:				
Local Sources:				
Food Services	\$ 169,945	\$ 0	\$ 0	\$ 0
Extracurricular Activities	0	23,855	106,224	0
Class Materials and Fees	0	0	0	0
Intergovernmental - State	7,125	0	0	7,200
Intergovernmental - Federal	745,095	0	0	0
All Other Revenue	0	7,800	34,884	0
Total Revenue	<u>922,165</u>	<u>31,655</u>	<u>141,108</u>	<u>7,200</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
Pupil Transportation	0	0	0	0
Central	0	0	0	7,193
Operation of Non-Instructional Services:				
Food Service Operations	928,547	0	0	0
Extracurricular Activities	0	28,489	197,383	0
Capital Outlay	0	0	0	0
Total Expenditures	<u>928,547</u>	<u>28,489</u>	<u>197,383</u>	<u>7,193</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(6,382)	3,166	(56,275)	7
Other Financing Sources (Uses):				
Transfers In	0	0	80,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>80,000</u>	<u>0</u>
Net Change in Fund Balance	(6,382)	3,166	23,725	7
Fund Balances at Beginning of Year Restated	80,086	51,002	28,374	430
Decrease in Inventory	(7,687)	0	0	0
Fund Balances End of Year	<u>\$ 66,017</u>	<u>\$ 54,168</u>	<u>\$ 52,099</u>	<u>\$ 437</u>

HEATH CITY SCHOOL DISTRICT

Student Wellness and Success	Other State Grants	Elementary and Secondary School Emergency Relief	Coronavirus Relief	Title VI-B	Title III Limited English Proficiency
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
313,205	41,088	0	0	0	0
0	0	170,879	147,162	449,521	1,587
0	0	0	0	0	0
<u>313,205</u>	<u>41,088</u>	<u>170,879</u>	<u>147,162</u>	<u>449,521</u>	<u>1,587</u>
0	0	207,596	147,162	250,304	994
216,812	0	138,702	0	157,792	0
0	3,487	0	0	0	0
0	0	0	0	25,662	0
0	41,088	0	0	0	0
0	8,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	53,596	0	0	0
<u>216,812</u>	<u>52,575</u>	<u>399,894</u>	<u>147,162</u>	<u>433,758</u>	<u>994</u>
96,393	(11,487)	(229,015)	0	15,763	593
<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>
96,393	(11,487)	(229,015)	0	15,763	593
62,468	35,487	0	0	(54,822)	323
0	0	0	0	0	0
<u>\$ 158,861</u>	<u>\$ 24,000</u>	<u>\$ (229,015)</u>	<u>\$ 0</u>	<u>\$ (39,059)</u>	<u>\$ 916</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, 2021***

	Title I	IDEA Preschool Grant for the Handicapped	Improving Teacher Quality	Other Federal Grants
Revenues:				
Local Sources:				
Food Services	\$ 0	\$ 0	\$ 0	\$ 0
Extracurricular Activities	0	0	0	0
Class Materials and Fees	0	0	0	0
Intergovernmental - State	0	0	0	0
Intergovernmental - Federal	309,315	7,905	43,293	184,248
All Other Revenue	0	0	0	0
Total Revenue	309,315	7,905	43,293	184,248
Expenditures:				
Current:				
Instruction	264,300	0	0	105,923
Supporting Services:				
Pupils	0	0	0	40,082
Instructional Staff	0	0	43,293	10,935
Administration	0	0	0	20,935
Pupil Transportation	0	7,905	0	0
Central	0	0	0	20,935
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	264,300	7,905	43,293	198,810
Excess (Deficiency) of Revenues Over Expenditures	45,015	0	0	(14,562)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	45,015	0	0	(14,562)
Fund Balances at Beginning of Year Restated	(56,632)	0	0	(2,454)
Decrease in Inventory	0	0	0	0
Fund Balances End of Year	\$ (11,617)	\$ 0	\$ 0	\$ (17,016)

HEATH CITY SCHOOL DISTRICT

Total Nonmajor Special Revenue Funds

\$	169,945
	130,079
	0
	368,618
	2,059,005
	42,684
	<hr/>
	2,770,331
	<hr/>

976,279

553,388

57,715

46,597

48,993

36,128

928,547

225,872

53,596

<hr/>
2,927,115
<hr/>

(156,784)

<hr/>
80,000
<hr/>

<hr/>
80,000
<hr/>

(76,784)

144,262

(7,687)

<hr/>
\$ 59,791
<hr/>

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2021***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 346,814	\$ 27,120	\$ 373,934
Receivables:			
Taxes	1,372,541	0	1,372,541
Interest	3,044	0	3,044
Total Assets	<u><u>\$ 1,722,399</u></u>	<u><u>\$ 27,120</u></u>	<u><u>\$ 1,749,519</u></u>
Liabilities:			
Accounts Payable	\$ 40,125	\$ 0	\$ 40,125
Total Liabilities	<u>40,125</u>	<u>0</u>	<u>40,125</u>
Deferred Inflows of Resources:			
Property Taxes	1,292,617	0	1,292,617
Unavailable Revenue	13,289	0	13,289
Total Deferred Inflows of Resources	<u>1,305,906</u>	<u>0</u>	<u>1,305,906</u>
Fund Balances:			
Restricted	376,368	27,120	403,488
Total Fund Balances	<u>376,368</u>	<u>27,120</u>	<u>403,488</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 1,722,399</u></u>	<u><u>\$ 27,120</u></u>	<u><u>\$ 1,749,519</u></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, 2021***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
Local Sources:			
Taxes	\$ 885,661	\$ 0	\$ 885,661
Investment Earnings	20,888	676	21,564
Intergovernmental - State	29,147	0	29,147
Total Revenue	<u>935,696</u>	<u>676</u>	<u>936,372</u>
Expenditures:			
Current:			
Instruction	250,055	0	250,055
Supporting Services:			
Fiscal Services	12,979	0	12,979
Pupil Transportation	78,812	0	78,812
Central	5,636	0	5,636
Capital Outlay	714,050	0	714,050
Total Expenditures	<u>1,061,532</u>	<u>0</u>	<u>1,061,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,836)	676	(125,160)
Other Financing Sources (Uses):			
Net Change in Fund Balance	(125,836)	676	(125,160)
Fund Balances at Beginning of Year	<u>502,204</u>	<u>26,444</u>	<u>528,648</u>
Fund Balances End of Year	<u><u>\$ 376,368</u></u>	<u><u>\$ 27,120</u></u>	<u><u>\$ 403,488</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, 2021***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,439,002	\$ 1,439,002	\$ 0
Intergovernmental - State	240,982	240,982	0
Total Revenues	1,679,984	1,679,984	0
Expenditures:			
Current:			
Support Services:			
Fiscal Services	22,099	22,099	0
Total Support Services	22,099	22,099	0
Debt Service:			
Principal Retirement	1,110,000	1,110,000	0
Interest and Fiscal Charges	265,325	265,241	84
Total Debt Service	1,375,325	1,375,241	84
Total Expenditures	1,397,424	1,397,340	84
Excess (Deficiency) of Revenues Over (Under) Expenditures	282,560	282,644	84
Fund Balance at Beginning of Year	1,596,357	1,596,357	0
Fund Balance at End of Year	\$ 1,878,917	\$ 1,879,001	\$ 84

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, 2021***

FOOD SERVICE FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Food Services	\$ 134,546	\$ 167,254	\$ 32,708
Intergovernmental - State	21,819	7,125	(14,694)
Intergovernmental - Federal	757,933	668,179	(89,754)
Total Revenues	<u>914,298</u>	<u>842,558</u>	<u>(71,740)</u>
Expenditures:			
Non-Instructional Services:			
Food Service Operations	<u>805,100</u>	<u>802,172</u>	<u>2,928</u>
Total Expenditures	<u>805,100</u>	<u>802,172</u>	<u>2,928</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,198	40,386	(68,812)
Fund Balance at Beginning of Year	<u>87,793</u>	<u>87,793</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 196,991</u>	<u>\$ 128,179</u>	<u>\$ (68,812)</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, 2021***

UNIFORM SCHOOL SUPPLY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Class Material and Fees	\$ 73,211	\$ 72,303	\$ (908)
Total Revenues	73,211	72,303	(908)
Expenditures:			
Instructional Services	70,530	69,812	718
Support Services:			
Central	21,900	21,834	66
Total Expenditures	92,430	91,646	784
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,219)	(19,343)	(124)
Other Financing Sources (Uses):			
Transfers In	13,989	13,989	0
Total Other Financing Sources (Uses):	13,989	13,989	0
Net Change in Fund Balance	(5,230)	(5,354)	(124)
Fund Balance at Beginning of Year	69,872	69,872	0
Fund Balance at End of Year	\$ 64,642	\$ 64,518	\$ (124)

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, 2021***

ROTARY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 3,819	\$ 3,819	\$ 0
Total Revenues	3,819	3,819	0
Expenditures:			
Instructional Services	4,500	4,472	28
Total Expenditures	4,500	4,472	28
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(681)	(653)	28
Fund Balance at Beginning of Year	9,771	9,771	0
Fund Balance at End of Year	<u>\$ 9,090</u>	<u>\$ 9,118</u>	<u>\$ 28</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, 2021***

PUBLIC SCHOOL SUPPORT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 33,156	\$ 41,144	\$ 7,988
Total Revenues	33,156	41,144	7,988
Expenditures:			
Instructional Services	9,388	8,425	963
Support Services:			
Pupils	11,375	9,893	1,482
Instructional Staff	10,100	10,029	71
Administration	4,431	3,530	901
Central	5,483	5,217	266
Extracurricular	10,300	10,284	16
Capital Outlay	1,900	1,898	2
Total Expenditures	52,977	49,276	3,701
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(19,821)	(8,132)	11,689
Fund Balance at Beginning of Year	212,666	212,666	0
Fund Balance at End of Year	\$ 192,845	\$ 204,534	\$ 11,689

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, 2021***

STUDENT MANAGED ACTIVITY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Extracurricular Activities	\$ 21,609	\$ 23,855	\$ 2,246
All Other Revenues	7,300	7,800	500
Total Revenues	28,909	31,655	2,746
Expenditures:			
Extracurricular Activities	30,208	28,489	1,719
Total Expenditures	30,208	28,489	1,719
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(1,299)	3,166	4,465
Other Financing Sources (Uses):			
Transfers In	4,711	0	(4,711)
Transfers Out	(4,711)	0	4,711
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(1,299)	3,166	4,465
Fund Balance at Beginning of Year	51,002	51,002	0
Fund Balance at End of Year	\$ 49,703	\$ 54,168	\$ 4,465

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, 2021***

DISTRICT MANAGED STUDENT ACTIVITY FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ 0	\$ 0	\$ 0
Extracurricular Activities	95,259	106,224	10,965
All Other Revenues	<u>33,817</u>	<u>34,884</u>	<u>1,067</u>
Total Revenues	<u>129,076</u>	<u>141,108</u>	<u>12,032</u>
Expenditures:			
Extracurricular Activities	<u>189,900</u>	<u>189,015</u>	<u>885</u>
Total Expenditures	<u>189,900</u>	<u>189,015</u>	<u>885</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,824)	(47,907)	12,917
Other Financing Sources (Uses):			
Transfers In	95,000	80,000	(15,000)
Advances Out	<u>(15,000)</u>	<u>0</u>	<u>15,000</u>
Total Other Financing Sources (Uses)	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Net Change in Fund Balance	19,176	32,093	12,917
Fund Balance at Beginning of Year	28,174	28,174	0
Prior Year Encumbrances	<u>200</u>	<u>200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 47,550</u>	<u>\$ 60,467</u>	<u>\$ 12,917</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, 2021***

DATA COMMUNICATIONS FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - State	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Expenditures:			
Support Services:			
Central	<u>10,800</u>	<u>10,363</u>	<u>437</u>
Total Expenditures	<u>10,800</u>	<u>10,363</u>	<u>437</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(3,600)	(3,163)	437
Fund Balance at Beginning of Year	<u>3,600</u>	<u>3,600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 437</u>	<u>\$ 437</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, 2021***

STUDENT WELLNESS AND SUCCESS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 313,205	\$ 313,205	\$ 0
Total Revenues	313,205	313,205	0
Expenditures:			
Support Services:			
Pupils	217,500	215,600	1,900
Total Expenditures	217,500	215,600	1,900
Excess (Deficiency) of Revenues Over (Under) Expenditures	95,705	97,605	1,900
Fund Balance at Beginning of Year	90,224	90,224	0
Fund Balance at End of Year	<u>\$ 185,929</u>	<u>\$ 187,829</u>	<u>\$ 1,900</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, 2021***

OTHER STATE GRANTS FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - State	\$ 41,088	\$ 41,088	\$ 0
Total Revenues	<u>41,088</u>	<u>41,088</u>	<u>0</u>
Expenditures:			
Support Services:			
Instructional Staff	3,487	3,487	0
Pupil Transportation	<u>41,088</u>	<u>41,088</u>	<u>0</u>
Total Expenditures	<u>44,575</u>	<u>44,575</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,487)	(3,487)	0
Fund Balance at Beginning of Year	<u>3,487</u>	<u>3,487</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, 2021***

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 161,195	\$ 161,195	\$ 0
Total Revenues	<u>161,195</u>	<u>161,195</u>	<u>0</u>
Expenditures:			
Instructional Services	184,726	184,579	147
Support Services:			
Pupils	108,600	108,502	98
Capital Outlay	<u>21,000</u>	<u>20,933</u>	<u>67</u>
Total Expenditures	<u>314,326</u>	<u>314,014</u>	<u>312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(153,131)	(152,819)	312
Other Financing Sources (Uses):			
Advances In	<u>154,000</u>	<u>154,000</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>154,000</u>	<u>154,000</u>	<u>0</u>
Net Change in Fund Balance	869	1,181	312
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 869</u></u>	<u><u>\$ 1,181</u></u>	<u><u>\$ 312</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, 2021***

CORONAVIRUS RELIEF FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - Federal	\$ 147,162	\$ 147,162	\$ 0
Total Revenues	<u>147,162</u>	<u>147,162</u>	<u>0</u>
Expenditures:			
Instructional Services	147,162	147,162	0
Total Expenditures	<u>147,162</u>	<u>147,162</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, 2021***

TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 426,474	\$ 426,475	\$ 1
Total Revenues	426,474	426,475	1
Expenditures:			
Instructional Services	248,380	242,511	5,869
Support Services:			
Pupils	160,534	160,534	0
Administration	27,537	27,537	0
Total Expenditures	436,451	430,582	5,869
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,977)	(4,107)	5,870
Other Financing Sources (Uses):			
Advances In	29,000	29,000	0
Advances Out	(25,000)	(25,000)	0
Total Other Financing Sources (Uses)	4,000	4,000	0
Net Change in Fund Balance	(5,977)	(107)	5,870
Fund Balance at Beginning of Year	6,061	6,061	0
Fund Balance at End of Year	\$ 84	\$ 5,954	\$ 5,870

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, 2021***

TITLE III LIMITED ENGLISH PROFICIENCY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 1,587	\$ 1,587	\$ 0
Total Revenues	<u>1,587</u>	<u>1,587</u>	<u>0</u>
Expenditures:			
Instructional Services	1,123	1,029	94
Total Expenditures	<u>1,123</u>	<u>1,029</u>	<u>94</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	464	558	94
Fund Balance at Beginning of Year	<u>323</u>	<u>323</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 787</u>	<u>\$ 881</u>	<u>\$ 94</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, 2021***

TITLE I FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 304,640	\$ 299,405	\$ (5,235)
Total Revenues	<u>304,640</u>	<u>299,405</u>	<u>(5,235)</u>
Expenditures:			
Instructional Services	296,586	294,619	1,967
Total Expenditures	<u>296,586</u>	<u>294,619</u>	<u>1,967</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,054	4,786	(3,268)
Other Financing Sources (Uses):			
Advances In	12,000	12,000	0
Advances Out	(20,000)	(20,000)	0
Total Other Financing Sources (Uses):	<u>(8,000)</u>	<u>(8,000)</u>	<u>0</u>
Net Change in Fund Balance	54	(3,214)	(3,268)
Fund Balance at Beginning of Year	5,305	5,305	0
Fund Balance at End of Year	<u>\$ 5,359</u>	<u>\$ 2,091</u>	<u>\$ (3,268)</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, 2021***

IDEA PRESCHOOL GRANT FOR THE HANDICAPPED FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - Federal	\$ 7,905	\$ 7,905	\$ 0
Total Revenues	<u>7,905</u>	<u>7,905</u>	<u>0</u>
Expenditures:			
Support Services:			
Pupil Transportation	<u>7,905</u>	<u>7,905</u>	<u>0</u>
Total Expenditures	<u>7,905</u>	<u>7,905</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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, 2021***

IMPROVING TEACHER QUALITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 43,293	\$ 43,293	\$ 0
Total Revenues	43,293	43,293	0
Expenditures:			
Support Services:			
Instructional Staff	43,293	43,293	0
Total Expenditures	43,293	43,293	0
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	\$ 0	\$ 0	\$ 0

HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021***

OTHER FEDERAL GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 179,206	\$ 179,206	\$ 0
Total Revenues	<u>179,206</u>	<u>179,206</u>	<u>0</u>
Expenditures:			
Instructional Services	85,543	85,543	0
Support Services:			
Pupils	40,766	40,766	0
Instructional Staff	12,500	11,811	689
Administration	20,935	20,935	0
Central	20,935	20,935	0
Total Expenditures	<u>180,679</u>	<u>179,990</u>	<u>689</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(1,473)	(784)	689
Other Financing Sources (Uses):			
Advances In	2,000	2,000	0
Advances Out	(5,000)	(5,000)	0
Total Other Financing Sources (Uses):	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
Net Change in Fund Balance	(4,473)	(3,784)	689
Fund Balance at Beginning of Year	4,832	4,832	0
Fund Balance at End of Year	<u>\$ 359</u>	<u>\$ 1,048</u>	<u>\$ 689</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, 2020***

PERMANENT IMPROVEMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Local Sources:			
Taxes	\$ 830,015	\$ 829,631	\$ (384)
Investment Earnings	16,484	19,999	3,515
Intergovernmental - State	29,147	29,147	0
All Other Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>875,646</u>	<u>878,777</u>	<u>3,131</u>
Expenditures:			
Instructional Services	366,100	365,458	642
Support Services:			
Fiscal Services	13,071	12,979	92
Pupil Transportation	78,812	78,812	0
Central	5,600	5,557	43
Capital Outlay	<u>973,500</u>	<u>973,161</u>	<u>339</u>
Total Expenditures	<u>1,437,083</u>	<u>1,435,967</u>	<u>1,116</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(561,437)	(557,190)	4,247
Fund Balance at Beginning of Year	255,818	255,818	0
Prior Year Encumbrances	<u>589,410</u>	<u>589,410</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 283,791</u>	<u>\$ 288,038</u>	<u>\$ 4,247</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, 2020***

BUILDING FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ 707	\$ 676	\$ (31)
Total Revenues	<u>707</u>	<u>676</u>	<u>(31)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	707	676	(31)
Fund Balance at Beginning of Year	<u>26,444</u>	<u>26,444</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 27,151</u>	<u>\$ 27,120</u>	<u>\$ (31)</u>



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

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

Heath City School District

Net Position by Component

Last Ten Years

(accrual basis of accounting)

	2012	2013	2014	2015
Governmental Activities:			*	
Net Investment in Capital Assets	\$2,239,306	\$1,569,237	\$1,007,118	\$668,117
Restricted for:				
Capital Projects	738,118	692,224	653,740	661,314
Debt Service	1,128,253	1,042,315	1,038,847	1,063,596
Statutory Purposes	140,760	61,909	108,722	81,520
Federal and State Grant Programs	36,153	33,557	54,850	46,561
Unrestricted	(1,279,996)	(2,343,361)	(20,546,771)	(18,183,979)
Total Governmental Activities Net Position	<u>\$3,002,594</u>	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>
Primary Government:				
Net Investment in Capital Assets	\$2,239,306	\$1,569,237	\$1,007,118	\$668,117
Restricted	2,043,284	1,830,005	1,856,159	1,852,991
Unrestricted	(1,279,996)	(2,343,361)	(20,546,771)	(18,183,979)
Total Primary Government Net Position	<u>\$3,002,594</u>	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>

* Restated

Source: District Treasurer's Office

Heath City School District

2016	2017	2018	2019	2020	2021
	*			*	
\$1,387,709	\$1,638,635	\$2,116,344	\$2,516,261	\$3,646,520	\$3,920,842
560,592	589,014	679,363	737,612	531,613	416,777
1,237,784	998,467	1,395,292	1,442,042	1,682,531	1,948,331
81,982	95,543	56,396	111,260	145,630	157,228
77,319	48,913	35,836	38,835	114,485	190,853
(17,112,694)	(20,943,208)	(11,282,637)	(8,799,138)	(7,962,634)	(7,176,162)
<u>(\$13,767,308)</u>	<u>(\$17,572,636)</u>	<u>(\$6,999,406)</u>	<u>(\$3,953,128)</u>	<u>(\$1,841,855)</u>	<u>(\$542,131)</u>
\$1,387,709	\$1,638,635	\$2,116,344	\$2,516,261	\$3,646,520	\$3,920,842
1,957,677	1,731,937	2,166,887	2,329,749	2,474,259	2,713,189
(17,112,694)	(20,943,208)	(11,282,637)	(8,799,138)	(7,962,634)	(7,176,162)
<u>(\$13,767,308)</u>	<u>(\$17,572,636)</u>	<u>(\$6,999,406)</u>	<u>(\$3,953,128)</u>	<u>(\$1,841,855)</u>	<u>(\$542,131)</u>

Heath City School District

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

	2012	2013	2014	2015
Expenses				
Governmental Activities:				
Instruction	\$9,989,037	\$10,304,880	\$10,096,148	\$10,513,018
Support Services:				
Pupils	805,150	632,193	621,994	583,590
Instructional Staff	344,754	318,009	264,908	324,069
Board of Education	20,516	79,588	80,043	49,101
Administration	1,618,593	1,468,112	1,518,459	1,523,311
Fiscal Services	492,224	506,287	528,591	578,977
Business	17,713	29,284	14,330	20,438
Operation and Maintenance of Plant	1,306,882	1,351,000	1,330,607	1,507,678
Pupil Transportation	638,839	654,334	637,015	592,204
Central	280,810	275,932	308,948	451,684
Operation of Non-Instructional Services				
Community Services	6,117	1,776	4,410	1,994
Food Service Operations	616,504	616,807	567,567	596,853
Shared Services	0	0	17,994	54,691
Other	1,900	0	0	0
Extracurricular Activities	574,354	601,322	593,994	618,078
Interest and Fiscal Charges	1,024,811	1,117,528	891,757	657,894
<i>Total Primary Government Expenses</i>	<u>\$17,738,204</u>	<u>\$17,957,052</u>	<u>\$17,476,765</u>	<u>\$18,073,580</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$137,166	\$156,220	\$600,894	\$948,735
Support Services:				
Pupils	45,392	41,000	43,788	60,609
Operation of Non-Instructional Services				
Food Service Operations	241,808	220,566	186,257	152,316
Extracurricular Activities	87,820	102,999	134,064	124,900
Operating Grants and Contributions	838,086	895,828	1,026,547	1,087,236
Capital Grants and Contributions	0	0	0	0
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>1,350,272</u>	<u>1,416,613</u>	<u>1,991,550</u>	<u>2,373,796</u>

Heath City School District

2016	2017	2018	2019	2020	2021
\$11,220,535	\$11,477,367	\$5,716,009	\$10,521,710	\$13,103,894	\$14,273,518
640,770	705,634	522,576	874,557	1,214,501	1,308,266
325,261	381,955	486,743	706,334	846,060	967,695
248,574	329,525	63,368	106,787	138,228	156,391
1,748,840	1,673,351	1,094,581	1,485,126	1,730,240	1,924,020
466,731	636,550	605,510	732,416	718,154	705,579
28,922	13,562	17,892	16,137	11,926	16,334
1,909,197	1,838,229	1,598,068	1,933,978	1,736,633	1,706,530
643,460	654,868	628,413	757,602	815,607	786,334
347,036	403,385	240,897	265,375	409,538	419,302
4,416	0	0	0	0	0
653,795	727,620	724,156	923,351	911,863	970,484
0	0	0	0	0	0
0	0	0	0	0	0
616,176	793,082	424,403	849,040	995,357	1,000,564
544,983	474,616	464,897	441,336	348,477	246,193
<u>\$19,398,696</u>	<u>\$20,109,744</u>	<u>\$12,587,513</u>	<u>\$19,613,749</u>	<u>\$22,980,478</u>	<u>\$24,481,210</u>
\$1,037,209	\$1,219,571	\$1,484,917	\$1,823,216	\$2,145,424	\$2,235,092
55,620	60,990	51,269	83,483	44,423	0
198,299	235,209	264,402	437,187	371,107	169,945
130,864	148,799	134,362	147,118	123,855	130,079
1,123,022	1,229,537	1,185,904	1,301,886	1,635,333	2,492,212
0	0	0	0	837,500	41,088
<u>2,545,014</u>	<u>2,894,106</u>	<u>3,120,854</u>	<u>3,792,890</u>	<u>5,157,642</u>	<u>5,068,416</u>

(Continued)

Heath City School District

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(16,387,932)</u>	<u>(16,540,439)</u>	<u>(15,485,215)</u>	<u>(15,699,784)</u>
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	<u><u>(\$16,387,932)</u></u>	<u><u>(\$16,540,439)</u></u>	<u><u>(\$15,485,215)</u></u>	<u><u>(\$15,699,784)</u></u>
 General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$6,981,958	\$6,623,175	\$7,854,925	\$8,621,606
Debt Service	1,161,817	1,095,634	1,171,836	1,290,787
Capital Outlay	172,436	177,920	186,087	187,583
Grants and Entitlements not				
Restricted to Specific Programs	6,098,286	6,145,307	6,383,632	7,086,554
Investment Earnings	9,489	7,825	6,886	10,716
Miscellaneous	<u>520,717</u>	<u>543,865</u>	<u>543,418</u>	<u>523,161</u>
<i>Total Primary Government</i>	<u><u>\$14,944,703</u></u>	<u><u>\$14,593,726</u></u>	<u><u>\$16,146,784</u></u>	<u><u>\$17,720,407</u></u>
 Change in Net Position				
Governmental Activities	<u>(1,443,229)</u>	<u>(1,946,713)</u>	<u>661,569</u>	<u>2,020,623</u>
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u><u>(\$1,443,229)</u></u>	<u><u>(\$1,946,713)</u></u>	<u><u>\$661,569</u></u>	<u><u>\$2,020,623</u></u>

Source: District Treasurer's Office

Heath City School District

2016	2017	2018	2019	2020	2021
(16,853,682)	(17,215,638)	(9,466,659)	(15,820,859)	(17,822,836)	(19,412,794)
<u>(\$16,853,682)</u>	<u>(\$17,215,638)</u>	<u>(\$9,466,659)</u>	<u>(\$15,820,859)</u>	<u>(\$17,822,836)</u>	<u>(\$19,412,794)</u>
\$9,279,815	\$9,239,268	\$10,485,484	\$8,964,782	\$10,333,478	\$10,246,008
1,343,433	1,150,316	1,359,339	1,206,282	1,399,048	1,422,031
196,007	192,177	211,594	183,116	211,811	893,830
7,371,309	7,435,029	7,643,707	7,709,959	7,392,727	7,737,617
29,265	65,859	119,740	309,956	377,228	14,794
529,416	388,805	220,025	493,042	167,854	398,238
<u>\$18,749,245</u>	<u>\$18,471,454</u>	<u>\$20,039,889</u>	<u>\$18,867,137</u>	<u>\$19,882,146</u>	<u>\$20,712,518</u>
1,895,563	1,255,816	10,573,230	3,046,278	2,059,310	1,299,724
<u>\$1,895,563</u>	<u>\$1,255,816</u>	<u>\$10,573,230</u>	<u>\$3,046,278</u>	<u>\$2,059,310</u>	<u>\$1,299,724</u>

Heath City School District

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$171,764	\$58,886	\$2,463	\$2,075
Restricted	86,144	5,881	36,428	15,307
Committed	0	0	0	0
Assigned	143,303	124,352	717,659	187,650
Unassigned	<u>1,167,714</u>	<u>0</u>	<u>533,211</u>	<u>2,810,841</u>
<i>Total General Fund</i>	<u>1,568,925</u>	<u>189,119</u>	<u>1,289,761</u>	<u>3,015,873</u>
 All Other Governmental Funds				
Nonspendable	27,854	18,872	63,584	42,889
Restricted	1,893,664	1,811,895	1,779,099	1,809,505
Unassigned	<u>(21,255)</u>	<u>(44,961)</u>	<u>(27,959)</u>	<u>(15,973)</u>
<i>Total All Other Governmental Funds</i>	<u>1,900,263</u>	<u>1,785,806</u>	<u>1,814,724</u>	<u>1,836,421</u>
<i>Total Governmental Funds</i>	<u><u>\$3,469,188</u></u>	<u><u>\$1,974,925</u></u>	<u><u>\$3,104,485</u></u>	<u><u>\$4,852,294</u></u>

* Restated

Source: District Treasurer's Office

Heath City School District

2016	2017	2018	2019	2020	2021
				*	
\$27,763	\$29,944	\$0	\$228,193	\$232,672	\$230,870
0	0	0	0	0	0
0	0	0	0	248,247	248,247
261,619	175,101	531,080	682,787	829,605	211,104
4,221,923	6,021,754	8,355,313	8,524,927	9,923,795	11,997,691
4,511,305	6,226,799	8,886,393	9,435,907	11,234,319	12,687,912
17,200	33,000	49,849	74,707	84,710	68,857
1,949,189	1,695,240	2,128,484	2,288,854	2,394,769	2,661,616
0	(53,802)	(25,226)	(47,486)	(121,742)	(310,463)
1,966,389	1,674,438	2,153,107	2,316,075	2,357,737	2,420,010
\$6,477,694	\$7,901,237	\$11,039,500	\$11,751,982	\$13,592,056	\$15,107,922

Heath City School District

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

	2012	2013	2014	2015
Revenues:				
Local Sources:				
Taxes	\$8,381,872	\$8,082,155	\$9,250,713	\$10,115,662
Tuition	66,003	78,449	535,675	890,288
Food Service	241,808	220,566	186,257	152,316
Investment Earnings	9,590	7,807	6,416	9,938
Extracurricular Activities	87,820	102,999	134,064	124,900
Class Materials and Fees	64,454	76,887	64,719	57,449
Intergovernmental - State	6,115,330	6,048,971	6,647,676	7,194,372
Intergovernmental - Federal	836,314	920,119	879,254	982,893
All Other Revenue	572,818	585,749	583,706	584,368
Total Revenue	16,376,009	16,123,702	18,288,480	20,112,186
Expenditures:				
Current:				
Instruction	9,631,529	9,887,089	9,671,600	10,227,343
Supporting Services:				
Pupils	809,099	609,970	597,979	610,112
Instructional Staff	324,278	301,093	243,751	317,931
Board of Education	20,516	79,588	80,043	49,101
Administration	1,638,441	1,506,325	1,459,945	1,507,152
Fiscal Services	487,692	502,551	536,825	573,425
Business	17,713	29,284	14,330	20,438
Operation and Maintenance of Plant	1,222,560	1,208,877	1,253,864	1,423,453
Pupil Transportation	585,119	613,996	584,559	544,902
Central	278,397	274,241	308,225	448,230
Operation of Non-Instructional Services				
Community Services	6,117	1,776	4,410	1,994
Food Service Operations	583,818	583,763	531,695	553,134
Shared Services	0	0	17,994	54,691
Other	1,900	0	0	0
Extracurricular Activities	421,200	452,268	426,676	463,049
Capital Outlay	49,870	174,798	274,419	68,586
Debt Service:				
Principal Retirement	866,702	983,849	923,699	1,022,773
Interest and Fiscal Charges	491,780	485,280	484,775	465,915
Total Expenditures	17,436,731	17,694,748	17,414,789	18,352,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,060,722)	(1,571,046)	873,691	1,759,957

Heath City School District

2016	2017	2018	2019	2020	2021
\$10,830,906	\$10,637,252	\$12,058,474	\$10,332,895	\$11,956,798	\$12,607,475
979,931	1,161,902	1,425,622	1,743,264	2,047,087	2,130,956
198,299	235,209	264,402	437,187	371,107	169,945
28,683	62,562	112,336	301,643	371,613	16,045
130,864	148,799	134,362	147,118	123,855	130,079
56,246	57,169	59,295	65,452	77,337	76,136
7,435,863	7,556,848	7,754,127	7,840,232	7,825,680	8,117,211
1,040,547	1,037,083	1,134,337	1,175,567	1,097,468	2,059,005
585,668	450,295	261,294	591,025	233,277	426,238
21,287,007	21,347,119	23,204,249	22,634,383	24,104,222	25,733,090
10,839,935	10,872,530	11,090,703	11,414,377	11,902,325	12,909,964
625,555	657,412	644,394	918,782	1,113,697	1,215,662
305,817	321,093	581,614	694,798	757,647	896,946
248,574	329,525	63,368	106,787	138,228	156,391
1,726,393	1,516,556	1,703,790	1,535,711	1,541,750	1,760,729
514,527	601,325	629,735	692,595	658,746	670,902
28,922	13,562	17,892	16,137	11,926	16,334
1,677,527	1,570,171	1,575,075	1,830,963	1,522,193	1,545,663
607,345	554,295	652,338	705,637	734,678	768,250
344,887	408,367	246,830	296,739	389,984	407,470
4,416	0	0	0	0	0
603,909	699,024	709,644	869,190	873,348	949,218
0	0	0	0	0	0
0	0	0	0	0	0
460,474	591,781	631,697	751,048	778,300	707,012
308,295	646,597	173,287	725,296	735,489	769,544
1,073,448	1,135,286	1,063,627	1,182,351	1,160,378	1,168,472
437,664	331,426	295,132	276,662	271,592	266,980
19,807,688	20,248,950	20,079,126	22,017,073	22,590,281	24,209,537

1,479,319

1,098,169

3,125,123

617,310

1,513,941

1,523,553
(Continued)

Heath City School District

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

	2012	2013	2014	2015
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	4,000	400
Insurance Proceeds	0	0	0	0
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on General				
Obligation Refunding Bond	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Other Financing Sources - Capital Leases	0	74,450	250,956	0
Transfers In	0	0	50,000	85,000
Transfers Out	0	0	(50,000)	(85,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>74,450</u>	<u>254,956</u>	<u>400</u>
Net Change in Fund Balance	<u>(\$1,060,722)</u>	<u>(\$1,496,596)</u>	<u>\$1,128,647</u>	<u>\$1,760,357</u>
 Debt Service as a Percentage of Noncapital Expenditures				
	7.81%	8.36%	8.21%	8.13%

Source: District Treasurer's Office

Heath City School District

2016	2017	2018	2019	2020	2021
400	3,000	2,000	0	0	0
0	0	0	89,200	18,100	0
7,340,000	0	0	0	0	0
493,000	0	0	0	0	0
(7,688,354)	0	0	0	0	0
0	325,526	8,820	0	0	0
0	101,150	128,825	0	276,806	80,000
0	(101,150)	(128,825)	0	(28,559)	(80,000)
145,046	328,526	10,820	89,200	266,347	0
\$1,624,365	\$1,426,695	\$3,135,943	\$706,510	\$1,780,288	\$1,523,553
7.70%	7.43%	6.83%	6.88%	6.57%	6.16%

Heath City School District

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

Tax year	2011	2012	2013	2014
	*			**
Real Property				
Assessed	\$246,409,720	\$248,432,630	\$248,446,390	\$246,138,835
Actual	704,027,771	709,807,514	709,846,829	703,253,814
Public Utility				
Assessed	6,342,490	6,675,260	7,976,040	8,025,020
Actual	6,342,490	6,675,260	7,976,040	8,025,020
Total				
Assessed	252,752,210	255,107,890	256,422,430	254,163,855
Actual	710,370,261	716,482,774	717,822,869	711,278,834
Assessed Value as a Percentage of Actual Value	35.58%	35.61%	35.72%	35.73%
Total Direct Tax Rate	\$55.70	\$53.85	\$61.75	\$63.10

Source: Licking County Auditor

* Reappraisal

** Update

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

Assessed value of Real Property is at 35%, Assessed value of Public Utility is at 100%.

Heath City School District

2015	2016	2017	2018	2019	2020
		*			**
\$234,500,020	\$236,501,406	\$259,175,790	\$259,850,293	\$261,638,294	\$285,512,290
670,000,057	675,718,303	740,502,257	742,429,409	747,537,983	815,749,400
9,434,090	11,761,470	12,215,810	18,044,810	20,431,940	22,460,320
9,434,090	11,761,470	12,215,810	18,044,810	20,431,940	22,460,320
243,934,110	248,262,876	271,391,600	277,895,103	282,070,234	307,972,610
679,434,147	687,479,773	752,718,067	760,474,219	767,969,923	838,209,720
35.90%	36.11%	36.05%	36.54%	36.73%	36.74%
\$64.30	\$63.30	\$62.60	\$62.60	\$62.00	\$64.80

Heath City School District

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Direct District Rates				
General Fund	49.30	47.60	55.50	56.60
Bond Retirement Fund	5.20	5.05	5.05	5.30
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>55.70</u>	<u>53.85</u>	<u>61.75</u>	<u>63.10</u>
Overlapping Rates				
City of Heath	5.40	5.65	5.40	5.40
Career and Technical Education Center	2.54	2.48	2.56	2.54
Licking County	7.70	7.70	7.70	8.00
Licking County Library	1.00	1.00	1.00	1.00
Licking County Park District	0.00	0.00	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

2015	2016	2017	2018	2019	2020
57.80	57.20	56.10	56.10	55.50	54.30
5.30	4.90	5.30	5.30	5.30	5.30
1.20	1.20	1.20	1.20	1.20	5.20
64.30	63.30	62.60	62.60	62.00	64.80
6.40	6.40	6.40	6.40	6.40	6.40
2.58	2.57	2.55	2.55	2.55	2.50
8.00	8.00	9.50	9.50	9.50	9.50
1.00	1.00	1.00	1.00	1.00	1.00
0.25	0.25	0.25	0.25	0.25	0.25



Heath City School District

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

Name of Taxpayer	Nature of Business	Calendar Year 2020		
		Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power Company	Utility Company - Electric	\$12,716,060	1	4.13%
AEP Ohio Transmission Co, Inc.	Utility Company - Electric	6,616,710	2	2.15%
Southgate Association Limited Partnership	Shopping Center	5,512,500	3	1.79%
Glimcher Properties Limited Partnership	Development	5,145,000	4	1.67%
Quest Heathwood Village LLC	Apartments	4,094,900	5	1.33%
Wal*Mart Stores, Inc.	Retail Store	3,308,240	6	1.07%
JLH Realty LLC	Real Estate	3,102,290	7	1.01%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,004,200	8	0.98%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,646,250	9	0.86%
Cross Creek Limited Partnership	Shopping Center	2,555,000	10	0.83%
Subtotal		48,701,150		15.82%
All Others		259,271,460		84.18%
Total		\$307,972,610		100.00%

Name of Taxpayer	Nature of Business	Calendar Year 2011		
		Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$9,933,600	1	3.93%
Southgate Association Limited Partnership	Shopping Center	5,543,160	2	2.19%
Ohio Power Company	Utility Company - Electric	4,953,280	3	1.96%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	4,008,550	4	1.59%
Wal*Mart Stores, Inc.	Retail Store	2,807,670	5	1.11%
Cross Creek Limited Partnership	Shopping Center	2,614,120	6	1.03%
Inland Western Heath Southgate LLC	Shopping Center	2,571,800	7	1.02%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,427,780	8	0.96%
H&D Holding Company	Development	2,332,260	9	0.92%
Glenwood Apartments LLC	Apartments	2,136,820	10	0.85%
Subtotal		39,329,040		15.56%
All Others		213,423,170		84.44%
Total		\$252,752,210		100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2020 and 2011

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	2011	2012	2013
Total Tax Levy	\$9,476,237	\$9,495,631	\$9,003,974
Collections within the Fiscal Year of the Levy			
Current Tax Collections	9,196,764	9,149,588	8,709,214
Percent of Levy Collected	97.05%	96.36%	96.73%
Delinquent Tax Collections ⁽¹⁾	336,523	96,940	3,969
Total Tax Collections	9,533,287	9,246,528	8,713,183
Percent of Total Tax Collections To Tax Levy	100.60%	97.38%	96.77%
Accumulated Outstanding Delinquent Taxes	214,485	232,431	183,748
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	2.26%	2.45%	2.04%

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$10,960,686	\$11,119,757	\$11,551,120	\$11,419,479	\$12,048,452	\$12,409,906	\$12,493,640
10,649,259	10,812,156	11,223,676	11,188,024	11,870,917	12,227,045	12,233,310
97.16%	97.23%	97.17%	97.97%	98.53%	98.53%	97.92%
<u>167,209</u>	<u>161,863</u>	<u>284,617</u>	<u>225,920</u>	<u>197,873</u>	<u>203,873</u>	<u>242,426</u>
10,816,468	10,974,019	11,508,293	11,413,944	12,068,790	12,430,918	12,475,736
98.68%	98.69%	99.63%	99.95%	100.17%	100.17%	99.86%
190,554	125,628	120,889	153,338	174,622	162,162	116,555
1.74%	1.13%	1.05%	1.34%	1.45%	1.31%	0.93%

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

	2012	2013	2014	2015
Governmental Activities (1)	*			
General Obligation Bonds Payable	\$15,061,386	\$14,522,171	\$13,902,047	\$13,170,033
Capital Leases	69,131	64,732	301,989	204,216
Total Primary Government	<u>\$15,130,517</u>	<u>\$14,586,903</u>	<u>\$14,204,036</u>	<u>\$13,374,249</u>
Population (2)				
City of Heath	10,310	10,310	10,310	10,310
Outstanding Debt Per Capita	1,468	1,415	1,378	1,297
Income (3)				
Personal (in thousands)	386,532	388,470	396,822	410,699
Percentage of Personal Income	3.91%	3.75%	3.58%	3.26%

* Restated for Deferred Charge on Refunding

Sources:

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

Heath City School District

2016	2017	2018	2019	2020	2021
\$12,140,782	\$11,355,564	\$10,566,487	\$9,655,045	\$8,655,813	\$7,553,910
105,768	256,008	191,201	113,850	58,472	0
<u>\$12,246,550</u>	<u>\$11,611,572</u>	<u>\$10,757,688</u>	<u>\$9,768,895</u>	<u>\$8,714,285</u>	<u>\$7,553,910</u>
10,310	10,310	10,310	10,310	10,310	10,412
1,188	1,126	1,043	948	845	726
428,700	435,257	455,826	474,868	489,704	529,034
2.86%	2.67%	2.36%	2.06%	1.78%	1.43%

Heath City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2012	2013	2014	2015
Population ⁽¹⁾	10,310	10,310	10,310	10,310
Assessed Value ⁽²⁾	252,752,210	255,107,890	256,422,430	254,163,855
General Bonded Debt ⁽³⁾				
General Obligation Bonds	15,061,386	14,522,171	13,902,047	13,170,033
Resources Available to Pay Principal ⁽⁴⁾	1,103,745	1,042,575	1,049,893	1,075,169
Net General Bonded Debt	13,957,641	13,479,596	12,852,154	12,094,864
Ratio of Net Bonded Debt to Assessed Value	5.52%	5.28%	5.01%	4.76%
Net Bonded Debt per Capita	1,353.80	1,307.43	1,246.57	1,173.12

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 on a modified GAAP basis
for general obligation bonded debt supported by property taxes.

Heath City School District

2016	2017	2018	2019	2020	2021
10,310	10,310	10,310	10,310	10,310	10,412
243,934,110	248,262,876	271,391,600	277,895,103	282,070,234	307,972,610
12,140,782	11,355,564	10,566,487	9,655,045	8,655,813	7,553,910
1,242,170	1,006,492	1,399,129	1,443,227	1,684,827	1,956,731
10,898,612	10,349,072	9,167,358	8,211,818	6,970,986	5,597,179
4.47%	4.17%	3.38%	2.96%	2.47%	1.82%
1,057.09	1,003.79	889.17	796.49	676.14	537.57



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2021*

<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	\$7,553,910	100.00%	\$7,553,910
Overlapping:			
City of Heath	6,140,000	90.42%	5,551,788
Career and Technical Education Center	10,560,000	5.53%	583,968
Licking County	28,540,537	5.75%	1,641,081
		Subtotal	7,776,837
		Total	\$15,330,747

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

	2012	2013	2014	2015
	*			
Net Assessed Valuation	\$252,752,210	\$255,107,890	\$256,422,430	\$254,163,855
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	22,747,699	22,959,710	23,078,019	22,874,747
Applicable District Debt Outstanding	15,061,386	14,522,171	13,902,047	13,170,033
Less: Applicable Debt Service Fund Amounts (2)	(1,103,745)	(1,042,575)	(1,049,893)	(1,075,169)
Net Indebtedness Subject to Limitation	13,957,641	13,479,596	12,852,154	12,094,864
Overall Legal Debt Margin	\$8,790,058	\$9,480,114	\$10,225,865	\$10,779,883
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	252,752	255,108	256,422	254,164
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	\$252,752	\$255,108	\$256,422	\$254,164
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,274,770	2,295,971	2,307,802	2,287,475
Applicable District Debt Outstanding	0	0	0	0
Unvoted Energy Conservation				
Loans Legal Debt Margin	\$2,274,770	\$2,295,971	\$2,307,802	\$2,287,475

*Restated for Deferred Charge on Refunding

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

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

Heath City School District

2016	2017	2018	2019	2020	2021
\$243,934,110	\$248,262,876	\$271,391,600	\$277,895,103	\$282,070,234	\$307,972,610
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
21,954,070	22,343,659	24,425,244	25,010,559	25,386,321	27,717,535
12,140,782	11,355,564	10,566,487	9,655,045	8,655,813	7,553,910
(1,242,170)	(1,006,492)	(1,399,129)	(1,443,227)	(1,684,827)	(1,956,731)
10,898,612	10,349,072	9,167,358	8,211,818	6,970,986	5,597,179
\$11,055,458	\$11,994,587	\$15,257,886	\$16,798,741	\$18,415,335	\$22,120,356
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
243,934	248,263	271,392	277,895	282,070	307,973
0	0	0	0	0	0
\$243,934	\$248,263	\$271,392	\$277,895	\$282,070	\$307,973
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,195,407	2,234,366	2,442,524	2,501,056	2,538,632	2,771,753
0	0	0	0	0	0
\$2,195,407	\$2,234,366	\$2,442,524	\$2,501,056	\$2,538,632	\$2,771,753

Heath City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2011	2012	2013	2014	2015
Population ⁽¹⁾					
City of Heath	10,310	10,310	10,310	10,310	10,310
Licking County	166,983	167,719	168,503	169,390	170,570
Income ^{(2) (a)}					
Total Personal (in thousands)	386,532	388,470	396,822	410,699	428,700
Per Capita	37,491	37,679	38,489	39,835	41,581
Unemployment Rate ⁽³⁾					
Federal	8.9%	8.1%	7.4%	6.2%	5.3%
State	8.6%	7.2%	7.4%	5.7%	4.9%
Licking County	8.0%	6.5%	6.9%	5.1%	4.4%
Fiscal Year	2012	2013	2014	2015	2016
School Enrollment ⁽⁴⁾					
Grades K - 2	347	353	359	393	397
Grades 3 - 5	381	379	382	398	410
Grades 6 - 8	419	408	388	406	396
Grades 9 - 12	455	477	505	486	479
JVS	56	55	48	65	70
Total	1,658	1,672	1,682	1,748	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

2016	2017	2018	2019	2020
10,310	10,310	10,310	10,310	10,412
172,198	173,448	175,769	177,174	178,100
435,257	455,826	474,868	489,704	529,034
42,217	44,212	46,059	47,498	50,810
4.9%	4.4%	3.9%	3.7%	8.1%
4.9%	5.0%	4.6%	4.1%	8.1%
4.3%	4.2%	4.0%	3.7%	6.5%
2017	2018	2019	2020	2021
376	382	394	404	402
418	403	385	397	390
385	405	421	423	419
489	497	408	408	465
56	65	77	79	57
1,724	1,752	1,685	1,711	1,733



Heath City School District

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2020	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	943	1
Super Wal-Mart Stores	Retail Sales	512	2
Lowe's Home Center	Retail Sales	319	3
JLH Automotive	Retail Sales	313	4
Heath City Schools	Education	307	5
Kaiser Aluminum & Chemical Co	Manufacturing	226	6
The Laurels of Heath	Health Care	215	7
Englefield Oil	Petroleum Products	202	8
Mathews Ford	Retail Sales	144	9
City of Heath	Government	107	10
Total		3,288	

Employer	Nature of Business	2011	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	902	1
Super Wal-Mart Stores	Retail Sales	433	2
Arvin/Meritor	Manufacturing	379	3
Heath City Schools	Education	295	4
Kaiser Aluminum & Chemical Co.	Manufacturing	270	5
Heath Nursing Home	Health Care	230	6
Lowe's Home Center	Retail Sales	208	7
John Hinderer Honda	Retail Sales	182	8
Englefield Oil	Petroleum Products	149	9
JC Penney's	Retail Sales	149	10
Total		3,197	

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

	2012	2013	2014	2015	2016
Supervisory					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	1.00	1.00	1.00	6.00	6.00
Principals	4.00	4.00	4.00	4.00	4.00
Assistant Principals	1.00	1.00	2.00	1.00	1.00
Instruction					
Classroom Teachers	102.00	100.00	104.00	97.50	94.50
Student Services					
Guidance Counselors	2.50	1.00	1.00	1.00	1.00
Psychologists and Health Staff	1.00	1.00	1.00	2.00	2.00
Librarians	2.00	1.00	1.00	1.00	1.00
Support Services					
Clerical/Bookkeeping	11.00	11.00	11.00	11.00	10.00
Tutors/Aides	2.00	1.00	1.00	14.00	14.50
Food Service	18.00	18.00	18.00	11.00	11.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	12.00	12.00	12.00	13.00	11.00
<i>Total Employees</i>	<u>167.50</u>	<u>162.00</u>	<u>167.00</u>	<u>172.50</u>	<u>167.00</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

2017	2018	2019	2020	2021
2.00	2.00	2.00	2.00	2.00
6.00	6.00	7.00	7.00	6.00
3.00	4.00	4.00	4.00	4.00
1.00	1.00	2.00	2.00	2.00
89.75	96.25	100.50	103.60	101.12
1.00	1.00	1.00	2.00	2.00
2.00	6.00	6.00	6.00	4.50
1.00	1.00	1.00	1.00	1.00
11.50	12.00	11.00	11.00	11.00
12.00	10.00	9.50	10.40	11.00
9.00	10.00	9.50	8.00	11.50
9.00	9.00	9.50	8.50	7.00
13.00	12.00	10.00	12.00	9.00
160.25	170.25	173.00	177.50	172.12

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2012	2013	2014	2015
Enrollment	1,658	1,672	1,682	1,748
Modified Accrual Basis				
Operating Expenditures	17,436,731	17,694,748	17,414,789	18,352,229
Cost per Pupil	10,517	10,583	10,354	10,499
Percentage of Change	3.4%	0.6%	(2.2%)	1.4%
Accrual Basis (1)				
Expenses	16,713,393	16,839,524	16,585,008	17,415,686
Cost per Pupil	10,080	10,071	9,860	9,963
Percentage of Change	1.93%	(0.09%)	(2.10%)	1.04%
Teaching Staff	93	94	100	97.50

(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

2016	2017	2018	2019	2020	2021
1,752	1,724	1,752	1,685	1,711	1,733
19,807,688	20,248,950	20,079,126	22,017,073	22,590,281	24,209,537
11,306	11,745	11,461	13,067	13,203	13,970
7.7%	3.9%	(2.4%)	14.0%	1.0%	5.8%
18,853,713	19,635,128	12,122,616	19,172,413	22,632,001	24,235,017
10,761	11,389	6,919	11,378	13,227	13,984
8.01%	5.84%	(39.25%)	64.44%	16.25%	5.72%
94.50	89.75	96.25	100.50	103.60	101.12

Heath City School District

Operating Indicators by Function Last Ten Years

	2012	2013	2014	2015
Governmental Activities				
Pupils				
Enrollment	1,597	1,614	1,641	1,735
Graduates	116	112	117	133
Percent of Students with Disabilities	7.0%	7.1%	7.2%	7.2%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	96.40%	96.20%	96.80%	96.70%
Fiscal Services				
Purchase Orders Processed	2,116	2,355	2,367	2,241
Checks Issued (non payroll)	2,242	2,385	2,288	2,318
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	1,162	1,169	1,181	1,188
Average Daily Bus Fleet Miles	901	899	900	901
Number of Buses	16	16	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Lunches Served Annually	145,932	142,972	141,109	140,972
Percent of Free/Reduced Price Meals ⁽¹⁾	46%	47%	47%	48%
Extracurricular Activities				
High School Varsity Teams	17	17	17	17

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

2016	2017	2018	2019	2020	2021
1,718	1,712	1,752	1,685	1,711	1,733
137	108	106	115	131	145
7.2%	11.5%	13.8%	12.2%	15.0%	15.0%
12	12	12	12	12	12
96.80%	94.90%	94.00%	94.30%	95.30%	90.60%
2,287	2,416	2,420	1,940	1,655	1,768
2,302	2,249	2,114	2,443	1,918	2,371
291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,188	885	886	845	848	621
901	581	533	534	547	488
16	17	16	15	15	14
141,172	134,229	134,746	140,613	126,854	124,930
49%	63%	57%	55%	60%	36%
17	21	22	23	23	24

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2012	2013	2014	2015	2016
Minimum Salary	33,286	33,286	34,118	34,800	35,148
Maximum Salary	71,565	71,565	73,354	74,820	75,568
District Average Salary	54,334	54,057	52,671	51,776	52,446
State Average Salary (1)	56,715	56,307	55,913	55,242	57,154

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	2012	2013	2014	2015	2016
Bachelor's Degree	6	6	27	26	23
Bachelor + 15 (1)	9	9	0	0	0
Master's Degree	57	56	64	67	72
Master's Degree + 15 (1)	9	9	0	0	0
Master's Degree + 30	12	12	9	9	9
Total	93	92	100	102	104

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

2017	2018	2019	2020	2021
35,148	35,851	36,568	37,299	38,045
77,326	78,872	80,450	82,058	83,699
52,535	55,769	53,490	60,284	57,602
58,849	58,186	60,399	65,754	N\A

2017	2018	2019	2020	2021
34	30	33	32	30
0	0	0	0	0
57	59	61	64	70
0	0	0	0	0
9	12	10	10	12
100	101	104	106	112

Heath City School District

Capital Asset Statistics by Building Last Ten Years

	2012	2013	2014	2015
Secondary				
Heath High School				
Square Footage	124,740	124,740	124,740	124,740
Capacity (students)	600	600	600	600
Enrollment	511	532	553	551
Middle				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	419	408	388	406
Elementary				
Stevenson Elementary School				
Square Footage	44,437	44,437	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	381	379	382	398
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	450	450	450	450
Enrollment	347	353	359	393
All Other				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	13	13	12	13
Bus Garage				
Square Footage	10,800	10,800	10,800	10,800
Capacity (Buses)	16	16	16	16

Source: District Treasurer's Office

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

Heath City School District

2016	2017	2018	2019	2020	2021
124,740	124,700	124,700	124,700	124,700	124,700
600	600	600	600	600	600
549	545	562	485	487	522
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
396	385	405	421	423	419
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
410	418	403	385	397	390
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
397	376	382	394	404	402
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	13	13	13	12
10,800	10,800	10,800	10,800	10,800	10,800
16	17	16	15	15	14

Heath City School District

Educational and Operating Statistics Last Ten Years

	2012	2013	2014	2015	2016
ACT Scores (Average)					
Heath	21.8	21.7	21.8	21.9	21.9
Ohio	21.6	21.7	21.7	21.7	21.7
National	21.3	21.3	21.4	21.4	21.4
Cost per Student (ODE)					
Heath	9,136	10,961	8,603	8,225	8,978
Ohio (Average) (1)	10,508	10,149	9,536	9,904	9,837
Attendance Rate					
Heath	95.60%	94.80%	96.70%	94.90%	94.90%
Ohio (Average)	94.50%	94.20%	94.30%	94.10%	94.10%
Graduation Rate (2)					
Heath	93.80%	93.30%	91.70%	96.90%	92.40%
Ohio (Average)	81.30%	82.20%	82.30%	83.00%	83.50%

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) The 2021 figures were not yet available.

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

N/A - Not Available

Heath City School District

2017	2018	2019	2020	2021
21.3	18.3	18.5	19.1	18.2
22.0	20.3	20.0	19.2	18.9
21.0	20.8	20.7	20.6	20.3
9,480	8,335	8,914	8,654	9,372
10,445	9,353	9,724	9,883	10,336
94.90%	94.00%	94.30%	95.30%	90.60%
93.90%	93.70%	93.50%	N/A	N/A
92.80%	90.80%	93.30%	94.80%	94.80%
84.10%	85.30%	85.90%	87.20%	87.20%

