

Heath City School District

Heath, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

HEATH CITY SCHOOL DISTRICT

Heath, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2017**

Prepared by:

**Mr. Karl Zarins
Treasurer**

HEATH CITY SCHOOL DISTRICT

TABLE OF CONTENTS

I

INTRODUCTORY SECTION

A	Letter of Transmittal	v
B	Members of the Board of Education and Administration	x
C	School District Organizational Chart.....	xi
D	GFOA Certificate of Achievement	xii

II

FINANCIAL SECTION

A	Independent Auditor's Report.....	1
B	Management's Discussion and Analysis	5
C	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Position	16
	Statement of Activities	17
	Fund Financial Statements:	
	<i>Governmental Funds:</i>	
	Balance Sheet	18
	Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
	Statement of Revenues, Expenditures and Changes in Fund Balances	20
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):	
	General Fund	24
	<i>Proprietary Funds:</i>	
	Statement of Net Position	26
	Statement of Revenues, Expenses and Changes in Fund Net Position.....	27
	Statement of Cash Flows	28
	<i>Fiduciary Funds:</i>	
	Statement of Net Position	29
	Statement of Changes in Net Position....	30
	Notes to the Basic Financial Statements.....	31

HEATH CITY SCHOOL DISTRICT

D Required Supplemental Information:

Schedule of District's Proportionate Share of the Net Pension Liability	71
Schedule of District Contributions	72

E Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds Statements:

Combining Balance Sheet – Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	79
Combining Balance Sheet – Nonmajor Special Revenue Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	82
Combining Balance Sheet – Nonmajor Capital Projects Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	85

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

Debt Service Fund:

Bond Retirement Fund	86
----------------------------	----

Nonmajor Governmental Funds:

Special Revenue Funds:

Food Service Fund	87
Uniform School Supply Fund	88
Rotary Fund	89
Public School Support Fund	90
Other Grants Fund	91
District Managed Student Activity Fund	92
Management Information System Fund	93
SchoolNet Professional Development Fund	94
Title VI-B Fund	95
Title I Fund	96
Improving Teacher Quality Fund	97

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds (Continued):

Capital Projects Funds:

Permanent Improvement Fund.....98

Building Fund99

F Fiduciary Fund – Agency Funds:

Statement of Changes in Assets and Liabilities..... 101

III

STATISTICAL SECTION

Net Position by Component - Last Ten Years.....	S 2
Changes in Net Position - Last Ten Years	S 4
Fund Balances, Governmental Funds - Last Ten Years	S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years	S 10
Assessed Valuations and Estimated True Values of Taxable Property - Last Ten Calendar Years	S 14
Property Tax Rates of Direct and Overlapping Governments - Last Ten Calendar Years	S 16
Principal Taxpayers - Real Estate Tax and Public Utilities Personal Property - Current Year and Nine Years Ago	S 19
Property Tax Levies and Collections - Last Ten Years.....	S 20
Ratio of Outstanding Debt By Type - Last Ten Years	S 22
Ratios of General Bonded Debt Outstanding - Last Ten Years	S 24
Computation of Direct and Overlapping Debt Attributable to Governmental Activities - Current Year	S 27
Debt Limitations - Last Ten Years	S 28
Demographic and Economic Statistics - Last Ten Years	S 30
Principal Employers - Current Year and Nine Years Ago	S 33
School District Employees by Type - Last Ten Years	S 34
Operating Indicators - Cost per Pupil - Last Ten Years	S 36
Operating Indicators by Function - Last Ten Years	S 38
Operating Indicators - Teacher Base Salaries - Last Ten Years.....	S 40
Capital Asset Statistics by Building - Last Ten Years	S 42
Educational and Operating Statistics - Last Ten Years	S 44



INTRODUCTORY SECTION



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



Office of the Treasurer

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

January 9, 2018

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

As the Superintendent and Treasurer of the Heath City School District (the District), we are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2017 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 1,712 students. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels, a broad range of co-curricular and extracurricular activities, and special education services. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a special revenue fund. The non-public school operations have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2017

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 10,310 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.

During fiscal year 2017, industrial and commercial property values increased modestly in tax year 2016 (collection year 2017). During fiscal year 2017, Carnival Foods left the area in mid fiscal year 2017 as part of a company-wide closure. However, in other areas the City saw new business additions including AMC movie theatres and Massey's Pizza in the Indian Mound Mall. The City also saw the inclusion of the Moo Moo Car Wash in early fiscal year 2017. Going forward, the City continues to evaluate options to attract additional industrial and commercial businesses to promote a thriving economic climate for the citizens of Heath. The Licking County Auditor reappraises properties every six years and anticipates strong valuation growth in its 2017 reappraisal for an overall increase of approximately 9% for all property types impacting 2018 tax collections.

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

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

MAJOR INITIATIVES

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

During fiscal year 2018, the District continued its use of open enrollment in its schools to maintain and expand its enrollment and resulting state aide. This has resulted in additional State Foundation money for approximately 174 open enrolled students for the 2016-17 school year.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2017

Future: During the 2017-2018 school year administrators and teachers work to increase curriculum alignment and teacher quality through high quality professional development. Administrators have identified that knowledge of standards and the use of data are a focus for this school year, and will help to strengthen the academic foundation of the school system for the future. The 2016-17 school year saw significant improvements in growth and achievement on the district report card, and a focus on those improvements will continue into the coming years.

Student growth measures, which indicate the amount of improvement students demonstrate on a variety of assessments, are a continuous focus of teacher professional development. The district is currently adhering to a stringent professional development schedule which includes weekly TBT meetings, implementation of PBIS and monthly Building Leadership Team (BLT) and District Leadership Team (DLT) meetings to meet both of these initiatives.

District officials are also continuing work on the following initiatives:

- 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.
- Continue excellent growth on the state value-added measure, which is currently a B.
- Increase advanced placements and honors courses.
- Continue to expand technical preparatory opportunities.
- Utilize STAR Early Literacy, STAR Reading and Math Assessments for identifying students needing intervention, referral for possible gifted identification and/or progress monitoring of students.
- Utilize all available data to drive curricular decision in the regular curriculum, intervention areas and special education.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2017

FINANCIAL INFORMATION

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2017

OTHER INFORMATION

INDEPENDENT AUDIT -- This report includes an unmodified audit report regarding the District's financial statements. The audit was conducted by Dave Yost, 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 generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2016. We believe this, our sixteenth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

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

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

Respectfully submitted,



Trevor Thomas
Superintendent



Karl Zarins
Treasurer

HEATH CITY SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2017

Members of the Board of Education

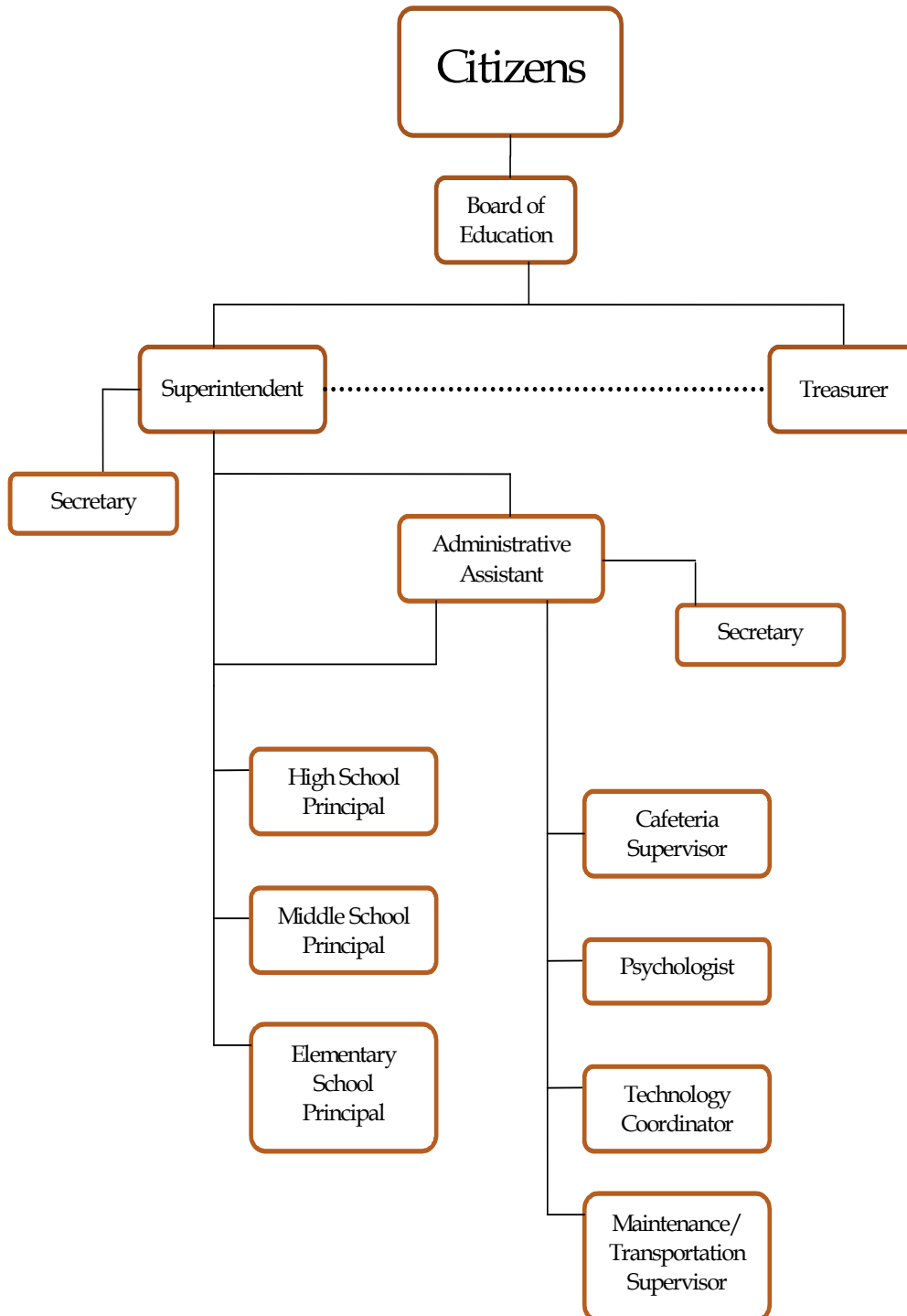
Name	Title	Years of Service
Ms. Debbie Kelley	President	9
Mr. Sam Smith	Vice President	3
Ms. Jennifer McDonald	Member	3
Dr. Craig Dyer	Member	0
Dr. Melody Klontz	Member	0

Administration

Name	Title	Years of Service	
		Position	Total
Dr. Trevor Thomas	Superintendent	4	15
Mr. Karl Zarins	Treasurer	0	15
Ms. Kelly Holbrook	Assistant Superintendent	4	19

HEATH CITY SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2017



HEATH CITY SCHOOL DISTRICT

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



Government Finance Officers Association

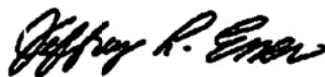
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Heath City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016



Executive Director/CEO

FINANCIAL SECTION





Dave Yost • Auditor of State

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 Heath City School District, Licking County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Heath City School District, Licking County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is fluid and cursive, with the first name "Dave" and last name "Yost" clearly legible.

Dave Yost
Auditor of State
Columbus, Ohio

January 9, 2018



HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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, 2017. 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 2017 are as follows:

- ❑ In total, net position increased \$1,255,816, which represents a 9.1% increase from 2016.
- ❑ General revenues accounted for \$18,471,454 in revenue or 86.5% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$2,894,106 or 13.5% of total revenues of \$21,365,560.
- ❑ The District had \$20,109,744 in expenses related to governmental activities; only \$2,894,106 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$18,344,291 in revenues and \$16,957,323 in expenditures. The general fund's fund balance increased from \$4,511,305 to \$6,226,799.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Unaudited

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

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

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

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

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

Fund Financial Statements

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

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

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

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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 2017 compared to 2016:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Current and other assets	\$20,255,205	\$18,009,840	\$2,245,365
Capital assets, Net	11,839,489	12,174,662	(335,173)
Total assets	<u>32,094,694</u>	<u>30,184,502</u>	<u>1,910,192</u>
Deferred outflows of resources	<u>5,264,567</u>	<u>2,524,848</u>	<u>2,739,719</u>
Net pension liability	25,219,197	20,135,425	5,083,772
Long-term debt outstanding	12,664,532	13,229,070	(564,538)
Other liabilities	<u>1,814,498</u>	<u>1,723,531</u>	<u>90,967</u>
Total liabilities	<u>39,698,227</u>	<u>35,088,026</u>	<u>4,610,201</u>
Deferred inflows of resources	<u>10,172,526</u>	<u>11,388,632</u>	<u>(1,216,106)</u>
Net position (deficit):			
Net Investment in capital assets	1,638,635	1,387,709	250,926
Restricted	1,731,937	1,957,677	(225,740)
Unrestricted	<u>(15,882,064)</u>	<u>(17,112,694)</u>	<u>1,230,630</u>
Total net deficit	<u><u>(\$12,511,492)</u></u>	<u><u>(\$13,767,308)</u></u>	<u><u>\$1,255,816</u></u>

At year-end for governmental activities, capital assets represented 37% 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, 2017 was \$1,638,635. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net position, \$1,731,937, represents resources that are subject to external restriction on how they may be used.

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

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Unaudited

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal years 2017 and 2016:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,664,569	\$1,421,992	\$242,577
Operating Grants and Contributions	1,229,537	1,123,022	106,515
Total Program Revenues	2,894,106	2,545,014	349,092
General Revenues:			
Property Taxes	10,581,761	10,819,255	(237,494)
Grants and Entitlements	7,435,029	7,371,309	63,720
Other	454,664	558,681	(104,017)
Total General Revenues	18,471,454	18,749,245	(277,791)
Total Revenues	21,365,560	21,294,259	71,301
Program Expenses			
Instruction	11,477,367	11,220,535	256,832
Support Services:			
Pupils	705,634	640,770	64,864
Instructional Staff	381,955	325,261	56,694
Board of Education	329,525	248,574	80,951
Administration	1,673,351	1,748,840	(75,489)
Fiscal Services	636,550	466,731	169,819
Business	13,562	28,922	(15,360)
Operation and Maintenance of Plant	1,838,229	1,909,197	(70,968)
Pupil Transportation	654,868	643,460	11,408
Central	403,385	347,036	56,349
Operation of Non-Instructional Services:			
Community Services	0	4,416	(4,416)
Food Service Operations	727,620	653,795	73,825
Extracurricular Activities	793,082	616,176	176,906
Interest and Fiscal Charges	474,616	544,983	(70,367)
Total Expenses	20,109,744	19,398,696	711,048
Change in Net Position	1,255,816	1,895,563	(639,747)
Beginning Net Deficit	(13,767,308)	(15,662,871)	1,895,563
Ending Net Deficit	(\$12,511,492)	(\$13,767,308)	\$1,255,816

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Unaudited

Governmental Activities

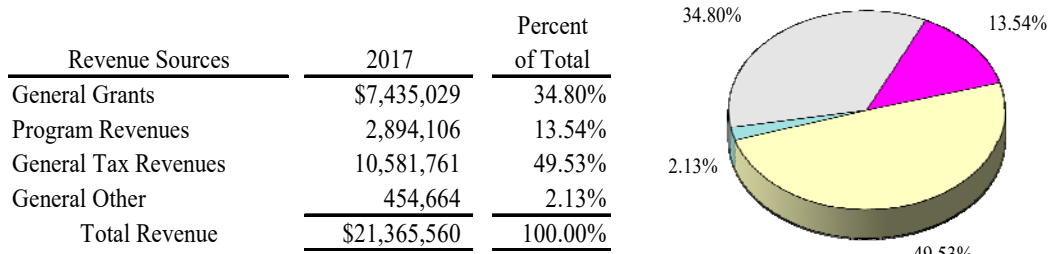
Net position of the District's governmental activities increased by \$1,255,816. Total governmental expenses of \$20,109,744 were offset by program revenues of \$2,894,106 and general revenues of \$18,471,454. Program revenues supported 14.4% of the total governmental expenses.

Net position increased as a result of the District continuing to maintain expenses below revenues. The increase in net position was less than in fiscal year 2016 because pension expense for 2017 increased by approximately \$1 million.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$18,016,790 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 50% of revenues for governmental activities for Heath City Schools in fiscal year 2017. 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 \$7,901,237, which is higher than last year's total of \$6,477,694. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2017 and 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General	\$6,226,799	\$4,511,305	\$1,715,494
Bond Retirement	1,006,492	1,242,170	(235,678)
Other Governmental	667,946	724,219	(56,273)
Total	<u>\$7,901,237</u>	<u>\$6,477,694</u>	<u>\$1,423,543</u>

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Unaudited

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

	2017 Revenues	2016 Revenues	Increase (Decrease)
Taxes	\$9,287,373	\$9,288,251	(\$878)
Tuition	1,161,902	979,931	181,971
Investment Earnings	42,040	12,618	29,422
Class Materials and Fees	57,169	56,246	923
Intergovernmental - State	7,408,392	7,195,146	213,246
All Other Revenue	387,415	537,520	(150,105)
Total	<u>\$18,344,291</u>	<u>\$18,069,712</u>	<u>\$274,579</u>

General Fund revenues in 2017 increased approximately 1.5% compared to revenues in fiscal year 2016. Intergovernmental – State increased due to increases in the State's Foundation funding provisions including an expansion of funding caps. The increase in tuition is due to a 14.6% increase in the number of students enrolled under the open enrollment option.

	2017 Expenditures	2016 Expenditures	Increase (Decrease)
Instruction	\$10,095,259	\$10,202,353	(\$107,094)
Supporting Services:			
Pupils	618,215	625,386	(7,171)
Instructional Staff	310,864	276,417	34,447
Board of Education	329,525	248,574	80,951
Administration	1,365,670	1,576,727	(211,057)
Fiscal Services	577,135	490,971	86,164
Business	13,562	27,523	(13,961)
Operation and Maintenance of Plant	1,570,171	1,677,527	(107,356)
Pupil Transportation	554,295	607,345	(53,050)
Central	383,967	344,887	39,080
Operation of Non-Instructional Services:			
Food Service Operations	1,548	1,557	(9)
Extracurricular Activities	417,659	319,832	97,827
Capital Outlay	640,055	158,157	481,898
Debt Service:			
Principal Retirement	65,925	15,553	50,372
Interest and Fiscal Charges	13,473	1,871	11,602
Total	<u>\$16,957,323</u>	<u>\$16,574,680</u>	<u>\$382,643</u>

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Unaudited

The expenditures increased by \$382,643 or 2.3% compared to the prior year. The overall increase is due to salary costs increasing by 5.1% due to negotiated base increases of 1.0% for certified staff and 1.5% for non-certified staff in addition to step increases. In addition, benefit costs increased by 3.4% overall across several categories due to several factors. In addition, the District negotiated a provision to fund certificated employee FSA accounts in exchange for concessions made to the District to keep its self-insured health plan well-funded through increases in employee health insurance premiums and contribution rates. These increases were offset by reducing health insurance expenditures by the employees' share of the premiums which had been included in expenditures in the prior year. In addition, the District experienced several capital outlay projects including: roof repairs at the Middle School, repaving the parking lot at Stevenson Elementary, updating lighting for energy savings, and replacing deteriorating flooring at Garfield Elementary. Finally, extracurricular costs increased due the addition of a full time athletic director position, hosting OHSAA tournament games and the resulting revenue sharing arrangements, and a renovation to the stadium sound system.

Bond Retirement Fund – This fund decreased as a result of a decrease in the tax millage used for paying general obligation debt.

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 2017 the District amended its General Fund budget, the increase of \$2.0 million compared to the original budget was the result of needing to budget additional monies the variability inherent with self-insured health plans, a changing service delivery model and transition in special education services, and utility costs. Actual expenditures compared to the final budget resulted in an overall positive variance due to actual costs being lower than anticipated in areas such as health insurance, utilities, copier lease charges on a per copy basis, substitute teacher utilization, and community school tuition charges.

The General Fund budget basis revenue did not significantly change compared to the original budget estimates. Actual revenues did not significantly differ from budgeted revenues.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2017, the District had \$11,839,489 net of accumulated depreciation invested in land, buildings, equipment, vehicles, and construction in progress. The following table shows fiscal year 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$438,952	\$438,952	\$0
Land Improvements	2,161,359	2,161,359	0
Buildings and Improvements	21,992,102	21,792,147	199,955
Machinery and Equipment	1,491,137	1,410,616	80,521
Vehicles	1,022,796	965,121	57,675
Construction in Progress	125,000	150,138	(25,138)
Less: Accumulated Depreciation	(15,391,857)	(14,743,671)	(648,186)
Totals	\$11,839,489	\$12,174,662	(\$335,173)

The District entered into a capital lease for a school bus to replace old busses and replaced several school building roofs, one of which was still in progress at fiscal year-end. Additional information on the District's capital assets can be found in Note 8.

Debt

At June 30, 2017, the District had \$12.7 million in general obligation bonds, capital leases and compensated absences outstanding, \$1,154,345 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2017 and 2016:

	2017	2016
Governmental Activities:		
General Obligation Bonds Payable	\$11,355,564	\$12,140,782
Net Pension Liability	25,219,197	20,135,425
Capital Leases Payable	256,008	105,768
Compensated Absences	1,052,960	982,520
Totals	\$37,883,729	\$33,364,495

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, 2017, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 11.

HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017***

Unaudited

ECONOMIC FACTORS

In May 2015, the District voters renewed a 9.8 mill emergency levy for 10 years.

In May 2017, the District voters renewed a 7.7 mill emergency levy for 10 years.

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, 2017

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 7,223,869
Investments	1,340,953
Receivables:	
Taxes	10,708,552
Accounts	609,564
Intergovernmental	303,937
Interest	5,386
Inventory	4,963
Prepaid Items	57,981
Capital Assets:	
Nondepreciable Capital Assets	563,952
Depreciable Capital Assets, Net	11,275,537
Total Capital Assets, Net	11,839,489
Total Assets	32,094,694
Deferred Outflows of Resources:	
Pension	5,264,567
Total Deferred Outflows of Resources	5,264,567
Liabilities:	
Accounts Payable	145,533
Accrued Wages and Benefits	1,024,986
Intergovernmental Payable	263,658
Claims Payable	355,500
Accrued Interest Payable	24,821
Long Term Liabilities:	
Due Within One Year	1,154,345
Due in More Than One Year:	
Net Pension Liability	25,219,197
Other Amounts Due in More Than One Year	11,510,187
Total Liabilities	39,698,227
Deferred Inflows of Resources:	
Property Taxes	9,884,948
Deferred Gain on Refunding	287,578
Total Deferred Inflows of Resources	10,172,526
Net Position:	
Net Investment in Capital Assets	1,638,635
Restricted For:	
Capital Projects	589,014
Debt Service	998,467
Statutory Purposes	95,543
Federal and State Grant Programs	48,913
Unrestricted (Deficit)	(15,882,064)
Total Net Position	\$ (12,511,492)

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2017

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 11,477,367	\$ 1,219,571	\$ 567,471	\$ (9,690,325)
Support Services:				
Pupils	705,634	60,990	27,564	(617,080)
Instructional Staff	381,955	0	19,325	(362,630)
Board of Education	329,525	0	0	(329,525)
Administration	1,673,351	0	167,356	(1,505,995)
Fiscal Services	636,550	0	0	(636,550)
Business	13,562	0	0	(13,562)
Operation and Maintenance of Plant	1,838,229	0	0	(1,838,229)
Pupil Transportation	654,868	0	0	(654,868)
Central	403,385	0	7,200	(396,185)
Operation of Non-Instructional Services:				
Food Service Operations	727,620	235,209	440,621	(51,790)
Extracurricular Activities	793,082	148,799	0	(644,283)
Interest and Fiscal Charges	474,616	0	0	(474,616)
Total Governmental Activities	\$ 20,109,744	\$ 1,664,569	\$ 1,229,537	(17,215,638)
General Revenues				
Property Taxes Levied for:				
General Purposes				9,239,268
Debt Service				1,150,316
Capital Outlay				192,177
Grants and Entitlements not Restricted to Specific Programs				7,435,029
Investment Earnings				65,859
Miscellaneous				388,805
Total General Revenues				18,471,454
Change in Net Position				1,255,816
Net Deficit Beginning of Year				(13,767,308)
Net Deficit End of Year				\$ (12,511,492)

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2017

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 5,387,000	\$ 934,072	\$ 724,393	\$ 7,045,465
Investments	1,340,953	0	0	1,340,953
Receivables:				
Taxes	9,384,274	1,129,985	194,293	10,708,552
Accounts	829	0	428	1,257
Intergovernmental	44,072	0	259,865	303,937
Interest	5,386	0	0	5,386
Interfund Loan Receivable	173,000	0	0	173,000
Inventory	0	0	4,963	4,963
Prepaid Items	29,944	0	28,037	57,981
Total Assets	\$ 16,365,458	\$ 2,064,057	\$ 1,211,979	\$ 19,641,494
Liabilities:				
Accounts Payable	\$ 133,035	\$ 0	\$ 12,498	\$ 145,533
Accrued Wages and Benefits	948,251	0	76,735	1,024,986
Intergovernmental Payable	252,587	0	11,071	263,658
Interfund Loans Payable	0	0	173,000	173,000
Compensated Absences Payable	2,363	0	0	2,363
Total Liabilities	1,336,236	0	273,304	1,609,540
Deferred Inflows of Resources:				
Property Taxes	8,664,875	1,040,769	179,304	9,884,948
Unavailable Revenue	137,548	16,796	91,425	245,769
Total Deferred Inflows of Resources	8,802,423	1,057,565	270,729	10,130,717
Fund Balances:				
Nonspendable	29,944	0	33,000	62,944
Restricted	0	1,006,492	688,748	1,695,240
Assigned	175,101	0	0	175,101
Unassigned	6,021,754	0	(53,802)	5,967,952
Total Fund Balances	6,226,799	1,006,492	667,946	7,901,237
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,365,458	\$ 2,064,057	\$ 1,211,979	\$ 19,641,494

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, 2017

Total Governmental Fund Balances	\$	7,901,237
----------------------------------	----	-----------

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	11,839,489
--	------------

Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	245,769
--	---------

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

Deferred Outflows - Pension	5,264,567	
Net Pension Liability	<u>(25,219,197)</u>	(19,954,630)

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	(9,189,987)	
Deferred Gain on Refunding (to be amortized over life of debt)	(287,578)	
Issuance Premium (to be amortized over life of debt)	(467,281)	
Interest Accretion (to be amortized as interest expense)	(1,698,296)	
Capital Leases Payable	(256,008)	
Compensated Absences Payable	(1,050,597)	
Accrued Interest Payable	<u>(24,821)</u>	(12,974,568)

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

431,211

Net Position of Governmental Activities	\$	<u>(12,511,492)</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, 2017

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 9,287,373	\$ 1,156,790	\$ 193,089	\$ 10,637,252
Tuition	1,161,902	0	0	1,161,902
Food Services	0	0	235,209	235,209
Investment Earnings	42,040	0	20,522	62,562
Extracurricular Activities	0	0	148,799	148,799
Class Materials and Fees	57,169	0	0	57,169
Intergovernmental - State	7,408,392	116,796	31,660	7,556,848
Intergovernmental - Federal	0	0	1,037,083	1,037,083
All Other Revenue	387,415	0	62,880	450,295
Total Revenues	18,344,291	1,273,586	1,729,242	21,347,119
Expenditures:				
Current:				
Instruction	10,095,259	0	777,271	10,872,530
Supporting Services:				
Pupils	618,215	0	39,197	657,412
Instructional Staff	310,864	0	10,229	321,093
Board of Education	329,525	0	0	329,525
Administration	1,365,670	0	150,886	1,516,556
Fiscal Services	577,135	20,800	3,390	601,325
Business	13,562	0	0	13,562
Operation and Maintenance of Plant	1,570,171	0	0	1,570,171
Pupil Transportation	554,295	0	0	554,295
Central	383,967	0	24,400	408,367
Operation of Non-Instructional Services:				
Food Service Operations	1,548	0	697,476	699,024
Extracurricular Activities	417,659	0	174,122	591,781
Capital Outlay	640,055	0	6,542	646,597
Debt Service:				
Principal Retirement	65,925	1,069,361	0	1,135,286
Interest and Fiscal Charges	13,473	317,953	0	331,426
Total Expenditures	16,957,323	1,408,114	1,883,513	20,248,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,386,968	(134,528)	(154,271)	1,098,169

HEATH CITY SCHOOL DISTRICT

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Sale of Capital Assets	3,000	0	0	3,000
Other Financing Sources - Capital Lease	325,526	0	0	325,526
Transfers In	0	0	101,150	101,150
Transfers Out	0	(101,150)	0	(101,150)
Total Other Financing Sources (Uses)	328,526	(101,150)	101,150	328,526
Net Change in Fund Balances	1,715,494	(235,678)	(53,121)	1,426,695
Fund Balances at Beginning of Year	4,511,305	1,242,170	724,219	6,477,694
Decrease in Inventory	0	0	(3,152)	(3,152)
Fund Balances End of Year	\$ 6,226,799	\$ 1,006,492	\$ 667,946	\$ 7,901,237

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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	1,426,695
--	----	-----------

***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.	(320,283)
---	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net position.	(14,890)
--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	15,534
--	--------

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	1,236,277
---	-----------

Except for amounts reported as deferred outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(2,265,427)
--	-------------

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.	809,760
---	---------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.	2,835
---	-------

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	(131,348)	
Interest Accretion	(238,699)	
Amortization of Deferred Gain on Refunding	28,757	
Amortization of Premium on Bond Issuance	63,917	
Change in Inventory	(3,152)	(280,525)

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

645,840

<i>Change in Net Position of Governmental Activities</i>	\$	1,255,816
---	-----------	------------------

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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 8,850,000	\$ 8,850,000	\$ 9,399,513	\$ 549,513
Tuition	889,000	889,000	1,161,902	272,902
Investment Earnings	9,500	26,500	39,419	12,919
Class Material and Fees	3,000	3,000	3,173	173
Intergovernmental - State	7,072,350	7,136,010	7,394,345	258,335
All Other Revenues	488,058	496,029	201,544	(294,485)
Total Revenues	<u>17,311,908</u>	<u>17,400,539</u>	<u>18,199,896</u>	<u>799,357</u>
Expenditures:				
Current:				
Instruction	10,448,321	11,260,488	9,995,911	1,264,577
Support Services:				
Pupils	555,391	585,346	506,088	79,258
Instructional Staff	302,150	333,900	307,849	26,051
Board of Education	229,124	411,877	358,248	53,629
Administration	1,604,765	1,673,110	1,447,073	226,037
Fiscal Services	555,194	606,097	567,500	38,597
Business	34,600	25,600	15,311	10,289
Operation and Maintenance of Plant	1,822,571	2,005,911	1,630,611	375,300
Pupil Transportation	627,806	644,205	549,035	95,170
Central	340,440	449,944	354,912	95,032
Non-Instructional Services:				
Food Services	7,216	7,216	2,205	5,011
Extracurricular Activities	387,815	445,617	408,679	36,938
Capital Outlay	61,437	352,019	349,438	2,581
Total Expenditures	<u>16,976,830</u>	<u>18,801,330</u>	<u>16,492,860</u>	<u>2,308,470</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	335,078	(1,400,791)	1,707,036	3,107,827

HEATH CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	500	3,000	3,000	0
Advances In	164,046	164,046	164,046	0
Advances Out	0	(173,000)	(173,000)	0
Total Other Financing Sources (Uses)	<u>164,546</u>	<u>(5,954)</u>	<u>(5,954)</u>	<u>0</u>
Net Change in Fund Balance	499,624	(1,406,745)	1,701,082	3,107,827
Fund Balance at Beginning of Year	4,622,353	4,622,353	4,622,353	0
Prior Year Encumbrances	<u>131,265</u>	<u>131,265</u>	<u>131,265</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,253,242</u>	<u>\$ 3,346,873</u>	<u>\$ 6,454,700</u>	<u>\$ 3,107,827</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Net Position *Proprietary Fund* *June 30, 2017*

	Governmental Activities - Internal Service Funds
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 178,404
Receivables:	
Accounts	608,307
Total Assets	<u>786,711</u>
Liabilities:	
<i>Long Term Liabilities:</i>	
Claims Payable	355,500
Total Liabilities	<u>355,500</u>
Net Position:	
Unrestricted	431,211
Total Net Position	<u>\$ 431,211</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Interfund Charges	\$ 2,424,210
Total Operating Revenues	<u>2,424,210</u>
Operating Expenses:	
Claims	<u>1,781,277</u>
Total Operating Expenses	<u>1,781,277</u>
Operating Income	642,933
Nonoperating Revenue:	
Investment Earnings	<u>2,907</u>
Total Nonoperating Revenues	<u>2,907</u>
Change in Net Position	645,840
Net Position Beginning of Year	<u>(214,629)</u>
Net Position End of Year	<u><u>\$ 431,211</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$ 2,424,210
Cash Payments for Claims	(2,323,084)
Net Cash Provided by Operating Activities	101,126
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	2,907
Net Cash Provided by Investing Activities	2,907
Net Increase in Cash and Cash Equivalents	104,033
Cash and Cash Equivalents at Beginning of Year	74,371
Cash and Cash Equivalents at End of Year	\$178,404
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$642,933
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(608,307)
Increase in Claims Payable	66,500
Total Adjustments	(541,807)
Net Cash Provided by Operating Activities	\$ 101,126

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Net Position Fiduciary Funds June 30, 2017

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 1,447	\$ 56,428
Total Assets	<u>1,447</u>	<u>56,428</u>
Liabilities:		
Due to Others	0	21,631
Due to Students	<u>0</u>	<u>34,797</u>
Total Liabilities	<u>0</u>	<u>56,428</u>
Net Position:		
Unrestricted	1,447	0
Total Net Position	<u>\$ 1,447</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
	Special Trust Fund
Additions:	
Investment Earnings:	
Interest	\$ 18
Total Additions	18
Deductions:	
Community Gifts, Awards and Scholarships	100
Total Deductions	100
Change in Net Position	(82)
Net Position at Beginning of Year	1,529
Net Position End of Year	\$ 1,447

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, 2017

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 53 noncertified and approximately 111 certified teaching personnel and administrative employees providing education to 1,712 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.

B. Basis of Presentation - Fund Accounting

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the District:

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

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus – Financial Statements

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

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

All funds other than agency funds are legally required to be budgeted and appropriated; however, only the General Fund 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 2017.

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

Net Change in Fund Balance	
	General Fund
GAAP Basis (as reported)	\$1,715,494
Increase (Decrease):	
Accrued Revenues	
at June 30, 2017,	
received during FY 2018	(805,138)
Accrued Revenues	
at June 30, 2016,	
received during FY 2017	860,829
Accrued Expenditures	
at June 30, 2017,	
paid during FY 2018	1,336,236
Accrued Expenditures	
at June 30, 2016,	
paid during FY 2017	(1,362,321)
FY 2016 Prepays for FY 2017	27,763
FY 2017 Prepays for FY 2018	(29,944)
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	(30,179)
Encumbrances Outstanding	(11,658)
Budget Basis	<u>\$1,701,082</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2017, 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 investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District reports its investments in federal securities at fair value and its nonparticipating investment contracts (certificates of deposit) 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 4, "Cash, Cash Equivalents and Investments."

During 2017, 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 2017, 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 \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 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 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, 2017*

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, 2017, 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. 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, 2017*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds Payable	Bond Retirement Fund
Compensated Absences	General Fund, Food Service Fund
Capital Leases Payable	General Fund, Bond Retirement Fund

L. Compensated Absences

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

M. Net Position

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

The District policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The District did not have net position restricted by enabling legislation at June 30, 2017.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

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

P. Interfund Activity

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

Q. Estimates

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

R. Operating Revenues and Expenses

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2017. 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 2017, 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

U. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported on the government wide statement of net position for deferred gains on refunding and deferred inflows of resources related to pensions which are explained in Note 9. The deferred gain on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the government-wide statement of net position and the governmental funds balance sheet report property taxes that are intended to finance future fiscal periods are reported as deferred inflows. The governmental funds balance sheet also reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, investment earnings, 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Fair Value

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

NOTE 2 – FUND BALANCES

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

Fund Balances	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$29,944	\$0	\$28,037	\$57,981
Supplies Inventory	0	0	4,963	4,963
Total Nonspendable	29,944	0	33,000	62,944
Restricted:				
Food Service Operations	0	0	50,222	50,222
Community Activities	0	0	1,358	1,358
Extracurricular Activities	0	0	66,259	66,259
Technology Improvements	0	0	5,601	5,601
Professional Development	0	0	7,200	7,200
Debt Service Payments	0	1,006,492	0	1,006,492
Capital Improvements	0	0	558,108	558,108
Total Restricted	0	1,006,492	688,748	1,695,240
Assigned to Other Purposes	175,101	0	0	175,101
Total Assigned	175,101	0	0	175,101
Unassigned	6,021,754	0	(53,802)	5,967,952
Total Fund Balances	\$6,226,799	\$1,006,492	\$667,946	\$7,901,237

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2017*

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

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

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

Capital Outlay	\$505,720
Depreciation Expense	(826,003)
	<u>(\$320,283)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$55,491)
Increase in Intergovernmental Grants Receivable	70,635
Increase in Interest Earnings	390
	<u>\$15,534</u>

Amount of bond and lease principal payments:

Bond Principal Payment	\$960,000
Capital Lease Payment	175,286
Inception of Capital Lease	(325,526)
	<u>\$809,760</u>

This space intentionally left blank.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

A. Deposits

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

At year end the carrying amount of the District's deposits was \$6,183,645 and the bank balance was \$7,026,943. Federal depository insurance covered \$6,188,794 of the bank balance and \$838,149 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	\$838,149
Total Balance	<u><u>\$838,149</u></u>

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$39,419. This includes \$10,776 assigned from other District funds.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

B. Investments

The District's investments at June 30, 2017 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3 years	3-5 years
STAR Ohio	\$1,101,399	AAAm ²	\$1,101,399	\$0	\$0
FNMA Notes	574,084	Aaa ¹ , AA+ ²	174,084	145,000	255,000
FHLB Note	79,159	Aaa ¹ , AA+ ²	79,159	0	0
FHLMC Notes	149,475	Aaa ¹ , AA+ ²	0	149,475	0
Negotiable CD	534,935	AAA ³	0	470,000	64,935
Total Investments	<u>\$2,439,052</u>		<u>\$1,354,642</u>	<u>\$764,475</u>	<u>\$319,935</u>

¹ Moody's Investor Service

² Standard & Poor's

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

The District's investments in federal agency securities (FHLB, FHLMC, FNMA) and negotiable certificates of deposit are valued using quoted prices in markets that are not considered to be active dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (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, 45% are STAR Ohio, 24% are FNMA, 3% are FHLB, 6% are FHLMC, and 22% are Negotiable Certificates of Deposit.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$7,281,744	\$1,340,953
Certificates of Deposit (with maturities of more than 3 months)	3,300	(3,300)
STAR Ohio	(1,101,399)	1,101,399
Per GASB Statement No. 3	<u>\$6,183,645</u>	<u>\$2,439,052</u>

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, 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 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 5 - PROPERTY TAXES (Continued)

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, 2017, are available to finance fiscal year 2017 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 2017 receipts were based are:

	Assessed Values for Collection in:	
	2016 Second Half	2017 First Half
Agricultural/Residential and Other Real Estate	\$234,500,020	\$236,501,406
Public Utility Personal	9,434,090	11,761,470
Total Assessed Value	<u>\$243,934,110</u>	<u>\$248,262,876</u>
Tax rate per \$1,000 of assessed valuation	\$64.30	\$63.30

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, 2017, 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 2017, the District's property tax revenues were reduced under agreements entered into by another government as follows:

Government Entering Into Agreement	District Taxes Abated
City of Heath	\$ 430,328

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 6 - RECEIVABLES

Receivables at June 30, 2017 consisted of accounts, taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of interfund receivables and payables for all funds at June 30, 2017:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$173,000	\$0
Nonmajor Governmental Funds	0	173,000
Totals	<u>\$173,000</u>	<u>\$173,000</u>

The Interfund Loan is a short-term loan which will be paid back within the year. The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2017.

This space intentionally left blank.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 8 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2017:

Historical Cost:

Class	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Capital Assets not being depreciated:				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	150,138	125,000	(150,138)	125,000
Subtotal	589,090	125,000	(150,138)	563,952
Capital Assets being depreciated:				
Land Improvements	2,161,359	0	0	2,161,359
Buildings and Improvements	21,792,147	250,955	(51,000)	21,992,102
Furniture, Fixtures and Equipment	1,410,616	206,228	(125,707)	1,491,137
Vehicles	965,121	73,675	(16,000)	1,022,796
Subtotal	26,329,243	530,858	(192,707)	26,667,394
Total Cost	\$26,918,333	\$655,858	(\$342,845)	\$27,231,346

Accumulated Depreciation:

Class	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Land Improvements	(\$1,590,447)	(\$82,982)	\$0	(\$1,673,429)
Buildings and Improvements	(11,267,016)	(633,869)	51,000	(11,849,885)
Furniture, Fixtures and Equipment	(1,133,309)	(66,507)	110,817	(1,088,999)
Vehicles	(752,899)	(42,645)	16,000	(779,544)
Total Depreciation	(\$14,743,671)	(\$826,003) *	\$177,817	(\$15,391,857)
Net Value:	\$12,174,662			\$11,839,489

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$426,317
Support Services:	
Pupils	19,619
Instructional Staff	20,397
Administration	41,629
Fiscal Services	2,111
Operations and Maintenance of Plant	53,655
Pupil Transportation	60,304
Operation of Non-Instructional Services:	
Food Service	35,944
Extracurricular Activities	166,027
Total Depreciation Expense	\$826,003

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

A. Net Pension Liability

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$292,213 for fiscal year 2017. Of this amount \$57,720 is reported as an intergovernmental payable.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14% and the member rate was 14% of covered payroll. The entire 14% was used to fund pension obligations. The statutory maximum employer rate is 14%.

The District's contractually required contribution to STRS was \$944,064 for fiscal year 2017. Of this amount \$153,628 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$4,598,254	\$20,620,943	\$25,219,197
Proportion of the Net Pension Liability -2017	0.0628256%	0.06160468%	
Proportion of the Net Pension Liability -2016	0.0601925%	0.06042891%	
Percentage Change	0.0026331%	0.00117577%	
Pension Expense	\$630,628	\$1,634,799	\$2,265,427

At June 30, 2017, 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	\$62,020	\$833,186	\$895,206
Changes of assumptions	306,959	0	306,959
Net difference between projected and actual earnings on pension plan investments	379,289	1,712,091	2,091,380
District contributions subsequent to the measurement date	292,213	944,064	1,236,277
Changes in proportionate share	351,043	383,702	734,745
Total Deferred Outflows of Resources	<u>\$1,391,524</u>	<u>\$3,873,043</u>	<u>\$5,264,567</u>
Deferred Inflows of Resources			
Changes in proportionate share	\$0	\$0	\$0
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

\$1,236,277 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. 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:			
2018	\$340,673	\$508,660	\$849,333
2019	340,397	508,661	849,058
2020	309,211	1,165,640	1,474,851
2021	109,030	746,018	855,048
Total	<u>\$1,099,311</u>	<u>\$2,928,979</u>	<u>\$4,028,290</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, 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	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

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.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$6,087,802	\$4,598,254	\$3,351,441

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Changes in Assumptions - Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

State Teachers Retirement System (STRS)

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$27,403,558	\$20,620,943	\$14,899,408

E. Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the School District's Net Pension Liability is expected to be significant.

F. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2017, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2017, no percentage of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount (\$23,500 for 2017), pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge.

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

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$31,528, \$29,156, and \$45,022 respectively; which were equal to the required contributions for each year.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org 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 2017, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$0 respectively; which were equal to the required contributions for each year.

This space intentionally left blank.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

Detail of the changes in the bonds, net pension liability, capital leases payable and compensated absences of the District for the year ended June 30, 2017 is as follows:

		Balance June 30, 2016	Issued	Retired	Balance June 30, 2017	Due Within One Year
Governmental Activities:						
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	\$920,000	\$0	(\$5,000)	\$915,000	\$5,000
School Improvement Bonds-Refunding-2005	2.75-4.2%	719,987	0	0	719,987	0
School Improvement Bonds-Refunding-2006	3.6-4%	1,170,000	0	(730,000)	440,000	440,000
School Improvement Bonds-Refunding-2015	2-4%	7,340,000	0	(225,000)	7,115,000	545,000
Subtotal General Obligation Bonds Payable		10,149,987	0	(960,000)	9,189,987	990,000
Premium on Refunding Bonds		531,198	0	(63,917)	467,281	0
Interest Accretion		1,459,597	238,699	0	1,698,296	0
Total General Obligation Bonds Payable		12,140,782	238,699	(1,023,917)	11,355,564	990,000
Net Pension Liability:						
School Teachers Retirement System		16,700,783	3,920,160	0	20,620,943	0
School Employees Retirement System		3,434,642	1,163,612	0	4,598,254	0
Total Net Pension Liability		20,135,425	5,083,772	0	25,219,197	0
Capital Leases		105,768	325,526	(175,286)	256,008	71,858
Compensated Absences		982,520	244,979	(174,539)	1,052,960	92,487
Total Governmental Activities		\$33,364,495	\$5,892,976	(\$1,373,742)	\$37,883,729	\$1,154,345

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2017, follows:

Years	General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2018	\$990,000	\$283,447	\$71,858	\$11,332
2019	329,940	1,043,338	75,124	8,066
2020	303,795	1,067,964	53,030	4,634
2021	281,252	1,093,989	55,996	1,668
2022	1,000,000	249,059	0	0
2023-2027	6,120,000	600,804	0	0
2028	165,000	5,259	0	0
Totals	\$9,189,987	\$4,343,860	\$256,008	\$25,700

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements ***For the Fiscal Year Ended June 30, 2017***

NOTE 12 - CAPITALIZED LEASES

The District leases several copiers and a bus under capital leases. The cost of the equipment obtained under capital leases is \$325,526, which is included in the Governmental Activities Capital Assets and the related liability is included in the Governmental Activities Long-Term Liabilities.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2017:

Year Ending June 30,	Capital Leases
2018	\$83,190
2019	83,190
2020	57,664
2021	57,664
Minimum Lease Payments	281,708
Less: Amount representing interest at the District's incremental borrowing rate of interest	(25,700)
Present Value of minimum lease payments	\$256,008

NOTE 13 - INTERFUND TRANSFERS

Following is a summary of transfers in and out for all funds for fiscal year 2017:

Fund	Transfers In	Transfers Out
Bond Retirement Fund	\$0	\$101,150
Nonmajor Governmental Funds	101,150	0
Total All Funds	\$101,150	\$101,150

Transfers from the Bond Retirement Fund are from savings from the 2016 debt refunding that are eligible to be transferred to the Permanent Improvement Fund.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2017*

NOTE 14 - 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 2017 the District contracted with Wright Specialty Insurance for various insurance coverages, as follows:

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 14 - RISK MANAGEMENT (Continued)

The District provides life and vision benefits through commercial coverage. On July 1, 2013, the District began providing group health and dental care to employees and their eligible dependents through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the self-insurance fund are available to pay claims. The plan is administered by a third party administrator, Medical Benefits, Inc., which monitors all claim payments. Excess loss coverage becomes effective after \$95,000 per year per specific claim. The outstanding claims at June 30, 2017, for the health care self-insurance program amounted to \$355,500.

The claims liability reported in the fund at June 30, 2017 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2017 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2016	\$371,400	\$2,439,965	(\$2,522,365)	\$289,000
2017	\$289,000	\$1,781,277	(\$1,714,777)	\$355,500

NOTE 15 – 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, 2017, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2016	\$0
Current Year Additions	306,920
Qualifying Offset	(213,001)
Current Year Disbursements	(363,603)
Totals	(\$269,684)
Balance Carried Forward to FY2018	\$0

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

Licking Area Computer Association - The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of thirteen members made up of the thirteen district superintendents. The District paid LACA \$109,095 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Streby, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

B. 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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 17 – 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, 2017, 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, 2017.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

NOTE 18 – OTHER COMMITMENTS

As of June 30, 2017, the District had the following commitment with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Middle School Roof	\$103,165

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	\$12,340
Other Governmental Funds	<u>16,903</u>
Total Governmental Funds	<u>\$29,243</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2017, the District has implemented GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. These changes were incorporated in the District's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 20 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2017 of \$24,204 in the Title VI-B Fund, \$29,433 in the Title I Fund and \$165 in the Improving Teacher Quality 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.

HEATH CITY SCHOOL DISTRICT

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

State Teachers Retirement System

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

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

School Employees Retirement System

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

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

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2014 is not available.

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

HEATH CITY SCHOOL DISTRICT

Required Supplemental Information Schedule of District Contributions Last Ten Fiscal Years

State Teachers Retirement System

Fiscal Year	2008	2009	2010	2011
Contractually required contribution	\$856,239	\$884,386	\$891,874	\$926,673
Contributions in relation to the contractually required contribution	856,239	884,386	891,874	926,673
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered-employee payroll	\$6,586,454	\$6,802,969	\$6,860,569	\$7,128,254
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%

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

School Employees Retirement System

Fiscal Year	2008	2009	2010	2011
Contractually required contribution	\$169,327	\$152,003	\$206,513	\$222,510
Contributions in relation to the contractually required contribution	169,327	152,003	206,513	222,510
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered-employee payroll	\$1,724,308	\$1,544,746	\$1,525,207	\$1,770,167
Contributions as a percentage of covered-employee payroll	9.82%	9.84%	13.54%	12.57%

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

Notes: The District implemented GASB Statement 68 in 2015.

HEATH CITY SCHOOL DISTRICT

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$928,456	\$866,001	\$805,538	\$860,131	\$927,513	\$944,064
<u>928,456</u>	<u>866,001</u>	<u>805,538</u>	<u>860,131</u>	<u>927,513</u>	<u>944,064</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,141,969	\$6,661,546	\$6,196,446	\$6,143,793	\$6,625,093	\$6,743,314
13.00%	13.00%	13.00%	14.00%	14.00%	14.00%

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$248,002	\$267,033	\$211,612	\$232,024	\$273,158	\$292,213
<u>248,002</u>	<u>267,033</u>	<u>211,612</u>	<u>232,024</u>	<u>273,158</u>	<u>292,213</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,843,881	\$1,929,429	\$1,526,782	\$1,760,425	\$1,951,129	\$2,087,236
13.45%	13.84%	13.86%	13.18%	14.00%	14.00%



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.)

Other Grants Fund

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

District Managed Student Activity Fund

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

Management Information System Fund

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

(Continued)

HEATH CITY SCHOOL DISTRICT

Special Revenue Funds

SchoolNet Professional Development Fund

To account for professional development subsidy grants.

Title VI-B Fund

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

Title I Fund

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

Improving Teacher Quality Fund

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

Capital Projects Funds

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 177,965	\$ 546,428	\$ 724,393
Receivables:			
Taxes	0	194,293	194,293
Accounts	428	0	428
Intergovernmental	259,865	0	259,865
Inventory	4,963	0	4,963
Prepaid Items	0	28,037	28,037
Total Assets	<u>\$ 443,221</u>	<u>\$ 768,758</u>	<u>\$ 1,211,979</u>
Liabilities:			
Accounts Payable	\$ 12,058	\$ 440	\$ 12,498
Accrued Wages and Benefits	76,735	0	76,735
Intergovernmental Payable	11,071	0	11,071
Interfund Loans Payable	173,000	0	173,000
Total Liabilities	<u>272,864</u>	<u>440</u>	<u>273,304</u>
Deferred Inflows of Resources:			
Property Taxes	0	179,304	179,304
Unavailable Revenue	88,556	2,869	91,425
Total Deferred Inflows of Resources	<u>88,556</u>	<u>182,173</u>	<u>270,729</u>
Fund Balances:			
Nonspendable	4,963	28,037	33,000
Restricted	130,640	558,108	688,748
Unassigned	(53,802)	0	(53,802)
Total Fund Balances	<u>81,801</u>	<u>586,145</u>	<u>667,946</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 443,221</u>	<u>\$ 768,758</u>	<u>\$ 1,211,979</u>

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Local Sources:			
Taxes	\$ 0	\$ 193,089	\$ 193,089
Food Services	235,209	0	235,209
Investment Earnings	675	19,847	20,522
Extracurricular Activities	148,799	0	148,799
Intergovernmental - State	14,038	17,622	31,660
Intergovernmental - Federal	1,037,083	0	1,037,083
All Other Revenue	62,880	0	62,880
Total Revenue	1,498,684	230,558	1,729,242
Expenditures:			
Current:			
Instruction	484,829	292,442	777,271
Supporting Services:			
Pupils	39,197	0	39,197
Instructional Staff	10,229	0	10,229
Administration	150,886	0	150,886
Fiscal Services	0	3,390	3,390
Central	24,400	0	24,400
Operation of Non-Instructional Services:			
Food Service Operations	697,476	0	697,476
Extracurricular Activities	174,122	0	174,122
Capital Outlay	0	6,542	6,542
Total Expenditures	1,581,139	302,374	1,883,513
Excess (Deficiency) of Revenues Over Expenditures	(82,455)	(71,816)	(154,271)
Other Financing Sources (Uses):			
Transfers In	0	101,150	101,150
Total Other Financing Sources (Uses)	0	101,150	101,150
Net Change in Fund Balance	(82,455)	29,334	(53,121)
Fund Balances at Beginning of Year	167,408	556,811	724,219
Decrease in Inventory	(3,152)	0	(3,152)
Fund Balances End of Year	\$ 81,801	\$ 586,145	\$ 667,946

HEATH CITY SCHOOL DISTRICT

Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2017

	Food Service	Other Grants	District Managed Student Activity	Management Information System
Assets:				
Cash and Cash Equivalents	\$ 93,030	\$ 1,358	\$ 69,085	\$ 5,601
Receivables:				
Accounts	0	0	428	0
Intergovernmental	0	0	0	0
Inventory	4,963	0	0	0
Total Assets	\$ 97,993	\$ 1,358	\$ 69,513	\$ 5,601
Liabilities:				
Accounts Payable	\$ 6,964	\$ 0	\$ 3,254	\$ 0
Accrued Wages and Benefits	25,515	0	0	0
Intergovernmental Payable	10,329	0	0	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	42,808	0	3,254	0
Deferred Inflows of Resources:				
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	4,963	0	0	0
Restricted	50,222	1,358	66,259	5,601
Unassigned	0	0	0	0
Total Fund Balances (Deficit)	55,185	1,358	66,259	5,601
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 97,993	\$ 1,358	\$ 69,513	\$ 5,601

HEATH CITY SCHOOL DISTRICT

SchoolNet Professional Development	Title VI-B	Title I	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 7,200	\$ 560	\$ 551	\$ 580	\$ 177,965
0	0	0	0	428
0	105,810	144,627	9,428	259,865
0	0	0	0	4,963
<u>\$ 7,200</u>	<u>\$ 106,370</u>	<u>\$ 145,178</u>	<u>\$ 10,008</u>	<u>\$ 443,221</u>
\$ 0	\$ 0	\$ 1,675	\$ 165	\$ 12,058
0	23,859	27,361	0	76,735
0	345	397	0	11,071
0	71,000	95,000	7,000	173,000
0	95,204	124,433	7,165	272,864
0	35,370	50,178	3,008	88,556
0	35,370	50,178	3,008	88,556
0	0	0	0	4,963
7,200	0	0	0	130,640
0	(24,204)	(29,433)	(165)	(53,802)
7,200	(24,204)	(29,433)	(165)	81,801
<u>\$ 7,200</u>	<u>\$ 106,370</u>	<u>\$ 145,178</u>	<u>\$ 10,008</u>	<u>\$ 443,221</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, 2017

	Food Service	Other Grants	District Managed Student Activity	Management Information System
Revenues:				
Local Sources:				
Food Services	\$ 235,209	\$ 0	\$ 0	\$ 0
Investment Earnings	423	0	252	0
Extracurricular Activities	0	0	148,799	0
Intergovernmental - State	6,838	0	0	0
Intergovernmental - Federal	433,783	0	0	0
All Other Revenue	29,797	0	33,083	0
Total Revenue	<u>706,050</u>	<u>0</u>	<u>182,134</u>	<u>0</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
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	697,476	0	0	0
Extracurricular Activities	0	0	174,122	0
Total Expenditures	<u>697,476</u>	<u>0</u>	<u>174,122</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	8,574	0	8,012	0
Fund Balances at Beginning of Year	49,763	1,358	58,247	5,601
Decrease in Inventory	(3,152)	0	0	0
Fund Balances (Deficits) End of Year	<u>\$ 55,185</u>	<u>\$ 1,358</u>	<u>\$ 66,259</u>	<u>\$ 5,601</u>

HEATH CITY SCHOOL DISTRICT

SchoolNet Professional Development	Title VI-B	Title I	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 235,209
0	0	0	0	675
0	0	0	0	148,799
7,200	0	0	0	14,038
0	298,160	296,696	8,444	1,037,083
0	0	0	0	62,880
<u>7,200</u>	<u>298,160</u>	<u>296,696</u>	<u>8,444</u>	<u>1,498,684</u>
0	158,220	316,756	9,853	484,829
0	20,221	18,976	0	39,197
0	0	9,999	230	10,229
0	150,886	0	0	150,886
14,400	0	10,000	0	24,400
0	0	0	0	697,476
0	0	0	0	174,122
<u>14,400</u>	<u>329,327</u>	<u>355,731</u>	<u>10,083</u>	<u>1,581,139</u>
(7,200)	(31,167)	(59,035)	(1,639)	(82,455)
14,400	6,963	29,602	1,474	167,408
0	0	0	0	(3,152)
<u>\$ 7,200</u>	<u>\$ (24,204)</u>	<u>\$ (29,433)</u>	<u>\$ (165)</u>	<u>\$ 81,801</u>

HEATH CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2017

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 541,812	\$ 4,616	\$ 546,428
Receivables:			
Taxes	194,293	0	194,293
Prepaid Items	28,037	0	28,037
Total Assets	<u>\$ 764,142</u>	<u>\$ 4,616</u>	<u>\$ 768,758</u>
Liabilities:			
Accounts Payable	\$ 440	\$ 0	\$ 440
Total Liabilities	<u>440</u>	<u>0</u>	<u>440</u>
Deferred Inflows of Resources:			
Property Taxes	179,304	0	179,304
Unavailable Revenue	2,869	0	2,869
Total Deferred Inflows of Resources	<u>182,173</u>	<u>0</u>	<u>182,173</u>
Fund Balances:			
Nonspendable	28,037	0	28,037
Restricted	553,492	4,616	558,108
Total Fund Balances	<u>581,529</u>	<u>4,616</u>	<u>586,145</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 764,142</u>	<u>\$ 4,616</u>	<u>\$ 768,758</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, 2017

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
Local Sources:			
Taxes	\$ 193,089	\$ 0	\$ 193,089
Investment Earnings	16,785	3,062	19,847
Intergovernmental - State	17,622	0	17,622
Total Revenue	<u>227,496</u>	<u>3,062</u>	<u>230,558</u>
Expenditures:			
Current:			
Instruction	292,442	0	292,442
Supporting Services:			
Fiscal Services	3,390	0	3,390
Capital Outlay	6,542	0	6,542
Total Expenditures	<u>302,374</u>	<u>0</u>	<u>302,374</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(74,878)	3,062	(71,816)
Other Financing Sources (Uses):			
Transfers In	101,150	0	101,150
Total Other Financing Sources (Uses)	<u>101,150</u>	<u>0</u>	<u>101,150</u>
Net Change in Fund Balance	26,272	3,062	29,334
Fund Balances at Beginning of Year	<u>555,257</u>	<u>1,554</u>	<u>556,811</u>
Fund Balances End of Year	<u><u>\$ 581,529</u></u>	<u><u>\$ 4,616</u></u>	<u><u>\$ 586,145</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, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,260,800	\$ 1,176,300	\$ (84,500)
Intergovernmental - State	167,750	116,796	(50,954)
Total Revenues	<u>1,428,550</u>	<u>1,293,096</u>	<u>(135,454)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal Services:			
Other Expenditures	20,805	20,800	5
Debt Service:			
Principal Retirement	1,069,361	1,069,361	0
Interest and Fiscal Charges	318,195	317,953	242
Total Debt Service	<u>1,387,556</u>	<u>1,387,314</u>	<u>242</u>
Total Expenditures	<u>1,408,361</u>	<u>1,408,114</u>	<u>247</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,189	(115,018)	(135,207)
Other Financing Sources (Uses):			
Transfers Out	(101,150)	(101,150)	0
Total Other Financing Sources (Uses)	<u>(101,150)</u>	<u>(101,150)</u>	<u>0</u>
Net Change in Fund Balance	(80,961)	(216,168)	(135,207)
Fund Balance at Beginning of Year	1,150,240	1,150,240	0
Fund Balance at End of Year	<u>\$ 1,069,279</u>	<u>\$ 934,072</u>	<u>\$ (135,207)</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, 2017***

FOOD SERVICE FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Food Services	\$ 235,000	\$ 235,209	\$ 209
Investment Earnings	475	423	(52)
Intergovernmental - State	7,000	6,838	(162)
Intergovernmental - Federal	393,000	393,493	493
All Other Revenues	29,071	29,797	726
Total Revenues	664,546	665,760	1,214
Expenditures:			
Non-Instructional Services:			
Food Service Operations	677,340	652,145	25,195
Total Expenditures	677,340	652,145	25,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,794)	13,615	26,409
Fund Balance at Beginning of Year	79,415	79,415	0
Fund Balance at End of Year	\$ 66,621	\$ 93,030	\$ 26,409

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, 2017***

UNIFORM SCHOOL SUPPLY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Class Material and Fees	\$ 56,221	\$ 53,996	\$ (2,225)
All Other Revenues	0	24	24
Total Revenues	56,221	54,020	(2,201)
Expenditures:			
Instructional Services	136,163	64,529	71,634
Total Expenditures	136,163	64,529	71,634
Excess (Deficiency) of Revenues Over (Under) Expenditures	(79,942)	(10,509)	69,433
Other Financing Sources (Uses):			
Transfers In	0	2,200	2,200
Total Other Financing Sources (Uses):	0	2,200	2,200
Net Change in Fund Balance	(79,942)	(8,309)	71,633
Fund Balance at Beginning of Year	81,631	81,631	0
Prior Year Encumbrances	6,772	6,772	0
Fund Balance at End of Year	\$ 8,461	\$ 80,094	\$ 71,633

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, 2017***

ROTARY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 10	\$ 27	\$ 17
All Other Revenues	5,150	8,967	3,817
Total Revenues	5,160	8,994	3,834
Expenditures:			
Instructional Services	5,704	4,490	1,214
Total Expenditures	5,704	4,490	1,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(544)	4,504	5,048
Fund Balance at Beginning of Year	9,608	9,608	0
Fund Balance at End of Year	\$ 9,064	\$ 14,112	\$ 5,048

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, 2017***

PUBLIC SCHOOL SUPPORT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 124,750	\$ 146,855	\$ 22,105
Total Revenues	124,750	146,855	22,105
Expenditures:			
Support Services:			
Pupils	186,451	109,240	77,211
Instructional Staff	2,000	977	1,023
Central	11,765	1,285	10,480
Total Expenditures	200,216	111,502	88,714
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,466)	35,353	110,819
Other Financing Sources (Uses):			
Transfers Out	(2,200)	(2,200)	0
Total Other Financing Sources (Uses):	(2,200)	(2,200)	0
Net Change in Fund Balance	(77,666)	33,153	110,819
Fund Balance at Beginning of Year	131,155	131,155	0
Prior Year Encumbrances	2,250	2,250	0
Fund Balance at End of Year	\$ 55,739	\$ 166,558	\$ 110,819

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, 2017***

OTHER GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	1,358	1,358	0
Fund Balance at End of Year	\$ 1,358	\$ 1,358	\$ 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, 2017***

DISTRICT MANAGED STUDENT ACTIVITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 250	\$ 252	\$ 2
Extracurricular Activities	148,862	148,799	(63)
All Other Revenues	33,000	33,083	83
Total Revenues	182,112	182,134	22
Expenditures:			
Extracurricular Activities	224,967	176,651	48,316
Total Expenditures	224,967	176,651	48,316
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,855)	5,483	48,338
Fund Balance at Beginning of Year	51,671	51,671	0
Prior Year Encumbrances	10,778	10,778	0
Fund Balance at End of Year	\$ 19,594	\$ 67,932	\$ 48,338

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, 2017***

MANAGEMENT INFORMATION SYSTEM FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	5,601	5,601	0
Fund Balance at End of Year	\$ 5,601	\$ 5,601	\$ 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, 2017***

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	7,200	7,200	0
Expenditures:			
Support Services:			
Central	21,600	14,400	7,200
Total Expenditures	21,600	14,400	7,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,400)	(7,200)	7,200
Fund Balance at Beginning of Year	14,400	14,400	0
Fund Balance at End of Year	\$ 0	\$ 7,200	\$ 7,200

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, 2017***

TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 453,722	\$ 334,145	\$ (119,577)
Total Revenues	<u>453,722</u>	<u>334,145</u>	<u>(119,577)</u>
Expenditures:			
Instructional Services	170,959	157,305	13,654
Support Services:			
Pupils	41,331	20,221	21,110
Administration	<u>163,194</u>	<u>148,821</u>	<u>14,373</u>
Total Expenditures	<u>375,484</u>	<u>326,347</u>	<u>49,137</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,238	7,798	(70,440)
Other Financing Sources (Uses):			
Advances In	0	71,000	71,000
Advances Out	<u>(78,238)</u>	<u>(78,238)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(78,238)</u>	<u>(7,238)</u>	<u>71,000</u>
Net Change in Fund Balance	0	560	560
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>\$ 560</u>	<u>\$ 560</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, 2017***

	TITLE I FUND		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 498,305	\$ 344,490	\$ (153,815)
Total Revenues	<u>498,305</u>	<u>344,490</u>	<u>(153,815)</u>
Expenditures:			
Instructional Services	362,298	314,456	47,842
Support Services:			
Pupils	19,325	18,976	349
Instructional Staff	9,999	9,999	0
Administration	11,000	0	11,000
Central	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Support Services	<u>50,324</u>	<u>38,975</u>	<u>11,349</u>
Total Expenditures	<u>412,622</u>	<u>353,431</u>	<u>59,191</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	85,683	(8,941)	(94,624)
Other Financing Sources (Uses):			
Advances In	0	95,000	95,000
Advances Out	<u>(85,508)</u>	<u>(85,508)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(85,508)</u>	<u>9,492</u>	<u>95,000</u>
Net Change in Fund Balance	175	551	376
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 175</u>	<u>\$ 551</u>	<u>\$ 376</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, 2017***

IMPROVING TEACHER QUALITY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 28,828	\$ 3,798	\$ (25,030)
Total Revenues	<u>28,828</u>	<u>3,798</u>	<u>(25,030)</u>
Expenditures:			
Instructional Services	28,463	9,853	18,610
Support Services:			
Instructional Staff	<u>65</u>	<u>65</u>	<u>0</u>
Total Expenditures	<u>28,528</u>	<u>9,918</u>	<u>18,610</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	300	(6,120)	(6,420)
Other Financing Sources (Uses):			
Advances In	0	7,000	7,000
Advances Out	<u>(300)</u>	<u>(300)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(300)</u>	<u>6,700</u>	<u>7,000</u>
Net Change in Fund Balance	0	580	580
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>\$ 580</u>	<u>\$ 580</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, 2017***

PERMANENT IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Taxes	\$ 195,700	\$ 195,379	\$ (321)
Investment Earnings	11,750	16,785	5,035
Intergovernmental - State	18,212	17,622	(590)
All Other Revenues	1,618	0	(1,618)
Total Revenues	<u>227,280</u>	<u>229,786</u>	<u>2,506</u>
Expenditures:			
Instructional Services	345,003	311,673	33,330
Support Services:			
Fiscal Services	3,390	3,390	0
Capital Outlay	46,467	38,922	7,545
Total Expenditures	<u>394,860</u>	<u>353,985</u>	<u>40,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(167,580)	(124,199)	43,381
Other Financing Sources (Uses):			
Operating Transfers In	101,150	101,150	0
Total Other Financing Sources (Uses):	<u>101,150</u>	<u>101,150</u>	<u>0</u>
Net Change in Fund Balance	(66,430)	(23,049)	43,381
Fund Balance at Beginning of Year	522,981	522,981	0
Prior Year Encumbrances	26,280	26,280	0
Fund Balance at End of Year	<u>\$ 482,831</u>	<u>\$ 526,212</u>	<u>\$ 43,381</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, 2017***

BUILDING FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$ 1,000	\$ 3,062	\$ 2,062
Total Revenues	1,000	3,062	2,062
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	3,062	2,062
Fund Balance at Beginning of Year	1,554	1,554	0
Fund Balance at End of Year	\$ 2,554	\$ 4,616	\$ 2,062

HEATH CITY SCHOOL DISTRICT

Fiduciary Fund

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

Agency Fund

Student Managed Activity Fund

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

Ohio High School Athletic Association (OHSAA) Tournament Fund

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

HEATH CITY SCHOOL DISTRICT

Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$39,855	\$81,787	(\$86,845)	\$34,797
Total Assets	<u>\$39,855</u>	<u>\$81,787</u>	<u>(\$86,845)</u>	<u>\$34,797</u>
Liabilities:				
Due to Students	\$39,855	\$81,787	(\$86,845)	\$34,797
Total Liabilities	<u>\$39,855</u>	<u>\$81,787</u>	<u>(\$86,845)</u>	<u>\$34,797</u>
<u>OHSAA Tournament Fund</u>				
Assets:				
Cash and Cash Equivalents	\$37,758	\$63,935	(\$80,062)	\$21,631
Total Assets	<u>\$37,758</u>	<u>\$63,935</u>	<u>(\$80,062)</u>	<u>\$21,631</u>
Liabilities:				
Due to Others	\$37,758	\$63,935	(\$80,062)	\$21,631
Total Liabilities	<u>\$37,758</u>	<u>\$63,935</u>	<u>(\$80,062)</u>	<u>\$21,631</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$77,613	\$145,722	(\$166,907)	\$56,428
Total Assets	<u>\$77,613</u>	<u>\$145,722</u>	<u>(\$166,907)</u>	<u>\$56,428</u>
Liabilities:				
Due to Others	\$37,758	\$63,935	(\$80,062)	\$21,631
Due to Students	39,855	81,787	(86,845)	34,797
Total Liabilities	<u>\$77,613</u>	<u>\$145,722</u>	<u>(\$166,907)</u>	<u>\$56,428</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)*

	2008	2009	2010	2011
Governmental Activities:		*		
Net Investment in Capital Assets	\$2,834,908	\$2,811,504	\$2,693,125	\$2,630,860
Restricted for:				
Capital Projects	887,090	800,073	829,813	719,231
Debt Service	720,704	855,590	1,072,423	1,054,061
Statutory Purposes	0	0	0	0
Federal and State Grant Programs	0	0	0	0
Other Purposes	759,384	1,006,293	815,061	1,235,344
Unrestricted	(160,090)	(206,364)	(246,538)	(1,193,673)
Total Governmental Activities Net Position	<u>\$5,041,996</u>	<u>\$5,267,096</u>	<u>\$5,163,884</u>	<u>\$4,445,823</u>
Primary Government:				
Net Investment in Capital Assets	\$2,834,908	\$2,811,504	\$2,693,125	\$2,630,860
Restricted	2,367,178	2,661,956	2,717,297	3,008,636
Unrestricted	(160,090)	(206,364)	(246,538)	(1,193,673)
Total Primary Government Net Position	<u>\$5,041,996</u>	<u>\$5,267,096</u>	<u>\$5,163,884</u>	<u>\$4,445,823</u>

* Restated

Source: District Treasurer's Office

Heath City School District

2012	2013	2014	2015	2016	2017
		*			
\$2,239,306	\$1,569,237	\$1,007,118	\$668,117	\$1,387,709	\$1,638,635
738,118	692,224	653,740	661,314	560,592	589,014
1,128,253	1,042,315	1,038,847	1,063,596	1,237,784	998,467
140,760	61,909	108,722	81,520	81,982	95,543
36,153	33,557	54,850	46,561	77,319	48,913
0	0	0	0	0	0
(1,279,996)	(2,343,361)	(20,546,771)	(18,183,979)	(17,112,694)	(15,882,064)
<u>\$3,002,594</u>	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>	<u>(\$12,511,492)</u>
\$2,239,306	\$1,569,237	\$1,007,118	\$668,117	\$1,387,709	\$1,638,635
2,043,284	1,830,005	1,856,159	1,852,991	1,957,677	1,731,937
(1,279,996)	(2,343,361)	(20,546,771)	(18,183,979)	(17,112,694)	(15,882,064)
<u>\$3,002,594</u>	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>	<u>(\$12,511,492)</u>

Heath City School District

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

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Instruction	\$9,085,543	\$9,646,810	\$10,537,518	\$10,300,203
Support Services:				
Pupils	810,305	865,694	1,030,058	935,407
Instructional Staff	378,349	350,010	374,083	384,329
Board of Education	10,855	12,061	11,787	16,901
Administration	1,254,840	1,333,496	1,450,432	1,452,788
Fiscal Services	487,384	514,732	504,185	499,038
Business	44,304	41,636	34,831	34,834
Operation and Maintenance of Plant	1,353,411	1,317,583	1,236,884	1,230,337
Pupil Transportation	631,807	589,078	631,971	642,930
Central	250,355	243,900	291,401	319,121
Operation of Non-Instructional Services				
Community Services	5,951	5,125	10,722	6,758
Food Service Operations	560,347	592,736	629,322	597,437
Shared Services	0	0	0	0
Other	0	0	0	0
Extracurricular Activities	616,595	728,693	713,070	688,364
Interest and Fiscal Charges	941,017	963,173	985,299	1,012,984
<i>Total Primary Government Expenses</i>	<u>\$16,431,063</u>	<u>\$17,204,727</u>	<u>\$18,441,563</u>	<u>\$18,121,431</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$173,950	\$186,639	\$158,698	\$161,632
Support Services:				
Pupils	1,907	3,856	59,040	47,311
Operation of Non-Instructional Services				
Food Service Operations	292,224	298,338	256,785	243,667
Extracurricular Activities	105,913	104,348	109,350	115,755
Operating Grants and Contributions	975,399	922,259	1,564,636	1,688,192
Capital Grants and Contributions	5,416	12,068	0	0
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>1,554,809</u>	<u>1,527,508</u>	<u>2,148,509</u>	<u>2,256,557</u>

Heath City School District

2012	2013	2014	2015	2016	2017
\$9,989,037	\$10,304,880	\$10,096,148	\$10,513,018	\$11,220,535	\$11,477,367
805,150	632,193	621,994	583,590	640,770	705,634
344,754	318,009	264,908	324,069	325,261	381,955
20,516	79,588	80,043	49,101	248,574	329,525
1,618,593	1,468,112	1,518,459	1,523,311	1,748,840	1,673,351
492,224	506,287	528,591	578,977	466,731	636,550
17,713	29,284	14,330	20,438	28,922	13,562
1,306,882	1,351,000	1,330,607	1,507,678	1,909,197	1,838,229
638,839	654,334	637,015	592,204	643,460	654,868
280,810	275,932	308,948	451,684	347,036	403,385
6,117	1,776	4,410	1,994	4,416	0
616,504	616,807	567,567	596,853	653,795	727,620
0	0	17,994	54,691	0	0
1,900	0	0	0	0	0
574,354	601,322	593,994	618,078	616,176	793,082
1,024,811	1,117,528	891,757	657,894	544,983	474,616
<u>\$17,738,204</u>	<u>\$17,957,052</u>	<u>\$17,476,765</u>	<u>\$18,073,580</u>	<u>\$19,398,696</u>	<u>\$20,109,744</u>
\$137,166	\$156,220	\$600,894	\$948,735	\$1,037,209	\$1,219,571
45,392	41,000	43,788	60,609	55,620	60,990
241,808	220,566	186,257	152,316	198,299	235,209
87,820	102,999	134,064	124,900	130,864	148,799
838,086	895,828	1,026,547	1,087,236	1,123,022	1,229,537
0	0	0	0	0	0
<u>1,350,272</u>	<u>1,416,613</u>	<u>1,991,550</u>	<u>2,373,796</u>	<u>2,545,014</u>	<u>2,894,106</u>

(Continued)

Heath City School District

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

	2008	2009	2010	2011
Net (Expense)/Revenue		*		
Governmental Activities	<u>(14,876,254)</u>	<u>(15,677,219)</u>	<u>(16,293,054)</u>	<u>(15,864,874)</u>
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	<u><u>(\$14,876,254)</u></u>	<u><u>(\$15,677,219)</u></u>	<u><u>(\$16,293,054)</u></u>	<u><u>(\$15,864,874)</u></u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$7,716,065	\$7,530,679	\$7,924,272	\$6,934,888
Debt Service	1,351,190	1,234,411	1,332,583	1,090,509
Capital Outlay	212,373	198,766	207,989	196,460
Grants and Entitlements not				
Restricted to Specific Programs	5,871,413	6,331,894	6,198,597	6,391,572
Investment Earnings	189,225	84,071	19,132	11,449
Miscellaneous	<u>377,953</u>	<u>522,498</u>	<u>507,269</u>	<u>521,935</u>
<i>Total Primary Government</i>	<u><u>\$15,718,219</u></u>	<u><u>\$15,902,319</u></u>	<u><u>\$16,189,842</u></u>	<u><u>\$15,146,813</u></u>
Change in Net Position				
Governmental Activities	<u>841,965</u>	<u>225,100</u>	<u>(103,212)</u>	<u>(718,061)</u>
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u><u>\$841,965</u></u>	<u><u>\$225,100</u></u>	<u><u>(\$103,212)</u></u>	<u><u>(\$718,061)</u></u>

* Restated

Source: District Treasurer's Office

Heath City School District

2012	2013	2014	2015	2016	2017
<u>(16,387,932)</u>	<u>(16,540,439)</u>	<u>(15,485,215)</u>	<u>(15,699,784)</u>	<u>(16,853,682)</u>	<u>(17,215,638)</u>
<u>(\$16,387,932)</u>	<u>(\$16,540,439)</u>	<u>(\$15,485,215)</u>	<u>(\$15,699,784)</u>	<u>(\$16,853,682)</u>	<u>(\$17,215,638)</u>
\$6,981,958	\$6,623,175	\$7,854,925	\$8,621,606	\$9,279,815	\$9,239,268
1,161,817	1,095,634	1,171,836	1,290,787	1,343,433	1,150,316
172,436	177,920	186,087	187,583	196,007	192,177
6,098,286	6,145,307	6,383,632	7,086,554	7,371,309	7,435,029
9,489	7,825	6,886	10,716	29,265	65,859
520,717	543,865	543,418	523,161	529,416	388,805
<u>\$14,944,703</u>	<u>\$14,593,726</u>	<u>\$16,146,784</u>	<u>\$17,720,407</u>	<u>\$18,749,245</u>	<u>\$18,471,454</u>
<u>(1,443,229)</u>	<u>(1,946,713)</u>	<u>661,569</u>	<u>2,020,623</u>	<u>1,895,563</u>	<u>1,255,816</u>
<u>(\$1,443,229)</u>	<u>(\$1,946,713)</u>	<u>\$661,569</u>	<u>\$2,020,623</u>	<u>\$1,895,563</u>	<u>\$1,255,816</u>

Heath City School District

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

	2008	2009	2010	2011
General Fund		*		
Nonspendable	\$0	\$0	\$0	\$183,217
Restricted	0	0	0	1,071,779
Assigned	0	0	0	240,210
Unassigned	0	0	0	1,177,178
Reserved	1,237,003	1,561,877	2,270,930	0
Unreserved	600,692	936,787	79,028	0
<i>Total General Fund</i>	<u>1,837,695</u>	<u>2,498,664</u>	<u>2,349,958</u>	<u>2,672,384</u>
All Other Governmental Funds				
Nonspendable	0	0	0	30,011
Restricted	0	0	0	1,833,419
Unassigned	0	0	0	0
Reserved	841,806	961,056	1,342,239	0
Unreserved, Undesignated in:				
Special Revenue Funds	304,652	272,882	455,673	0
Capital Projects Funds	802,480	733,249	582,640	0
<i>Total All Other Governmental Funds</i>	<u>1,948,938</u>	<u>1,967,187</u>	<u>2,380,552</u>	<u>1,863,430</u>
<i>Total Governmental Funds</i>	<u><u>\$3,786,633</u></u>	<u><u>\$4,465,851</u></u>	<u><u>\$4,730,510</u></u>	<u><u>\$4,535,814</u></u>

* Restated

Source: District Treasurer's Office

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

Heath City School District

2012	2013	2014	2015	2016	2017
\$171,764	\$58,886	\$2,463	\$2,075	\$27,763	\$29,944
86,144	5,881	36,428	15,307	0	0
143,303	124,352	717,659	187,650	261,619	175,101
1,167,714	0	533,211	2,810,841	4,221,923	6,021,754
0	0	0	0	0	0
0	0	0	0	0	0
1,568,925	189,119	1,289,761	3,015,873	4,511,305	6,226,799
27,854	18,872	63,584	42,889	17,200	33,000
1,893,664	1,811,895	1,779,099	1,809,505	1,949,189	1,695,240
(21,255)	(44,961)	(27,959)	(15,973)	0	(53,802)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,900,263	1,785,806	1,814,724	1,836,421	1,966,389	1,674,438
\$3,469,188	\$1,974,925	\$3,104,485	\$4,852,294	\$6,477,694	\$7,901,237

Heath City School District

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

	2008	2009	2010	2011
Revenues:		*		
Local Sources:				
Taxes	\$9,177,281	\$8,961,555	\$9,331,887	\$8,188,824
Tuition	97,851	93,116	81,380	86,905
Food Service	292,224	298,338	256,785	243,667
Investment Earnings	191,210	83,550	22,538	11,841
Extracurricular Activities	105,913	104,348	109,350	115,755
Class Materials and Fees	75,699	85,847	75,966	72,703
Intergovernmental - State	5,935,027	6,384,719	6,271,018	6,375,408
Intergovernmental - Federal	905,022	882,747	1,409,484	1,736,676
All Other Revenue	383,685	528,422	567,612	571,270
Total Revenue	17,163,912	17,422,642	18,126,020	17,403,049
Expenditures:				
Current:				
Instruction	8,670,531	9,099,786	9,973,182	9,795,976
Supporting Services:				
Pupils	790,332	843,298	982,329	927,881
Instructional Staff	362,294	325,836	350,625	362,563
Board of Education	10,855	12,061	11,787	16,901
Administration	1,211,911	1,273,230	1,396,787	1,384,316
Fiscal Services	482,568	504,825	496,682	492,914
Business	44,304	41,636	34,831	34,834
Operation and Maintenance of Plant	1,261,633	1,259,472	1,168,957	1,189,989
Pupil Transportation	581,873	513,898	556,111	571,969
Central	238,584	232,781	279,319	311,756
Operation of Non-Instructional Services				
Community Services	5,951	5,125	10,722	6,758
Food Service Operations	533,326	553,902	594,848	560,267
Shared Services	0	0	0	0
Other	0	0	0	0
Extracurricular Activities	449,089	591,722	543,862	520,440
Capital Outlay	88,201	354,520	91,484	88,968
Debt Service:				
Principal Retirement	809,080	791,884	820,875	818,702
Interest and Fiscal Charges	612,393	587,690	554,109	514,971
Total Expenditures	16,152,925	16,991,666	17,866,510	17,599,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,010,987	430,976	259,510	(196,156)

Heath City School District

2012	2013	2014	2015	2016	2017
\$8,381,872	\$8,082,155	\$9,250,713	\$10,115,662	\$10,830,906	\$10,637,252
66,003	78,449	535,675	890,288	979,931	1,161,902
241,808	220,566	186,257	152,316	198,299	235,209
9,590	7,807	6,416	9,938	28,683	62,562
87,820	102,999	134,064	124,900	130,864	148,799
64,454	76,887	64,719	57,449	56,246	57,169
6,115,330	6,048,971	6,647,676	7,194,372	7,435,863	7,556,848
836,314	920,119	879,254	982,893	1,040,547	1,037,083
572,818	585,749	583,706	584,368	585,668	450,295
16,376,009	16,123,702	18,288,480	20,112,186	21,287,007	21,347,119
9,631,529	9,887,089	9,671,600	10,227,343	10,839,935	10,872,530
809,099	609,970	597,979	610,112	625,555	657,412
324,278	301,093	243,751	317,931	305,817	321,093
20,516	79,588	80,043	49,101	248,574	329,525
1,638,441	1,506,325	1,459,945	1,507,152	1,726,393	1,516,556
487,692	502,551	536,825	573,425	514,527	601,325
17,713	29,284	14,330	20,438	28,922	13,562
1,222,560	1,208,877	1,253,864	1,423,453	1,677,527	1,570,171
585,119	613,996	584,559	544,902	607,345	554,295
278,397	274,241	308,225	448,230	344,887	408,367
6,117	1,776	4,410	1,994	4,416	0
583,818	583,763	531,695	553,134	603,909	699,024
0	0	17,994	54,691	0	0
1,900	0	0	0	0	0
421,200	452,268	426,676	463,049	460,474	591,781
49,870	174,798	274,419	68,586	308,295	646,597
866,702	983,849	923,699	1,022,773	1,073,448	1,135,286
491,780	485,280	484,775	465,915	437,664	331,426
17,436,731	17,694,748	17,414,789	18,352,229	19,807,688	20,248,950
(1,060,722)	(1,571,046)	873,691	1,759,957	1,479,319	1,098,169 (Continued)

Heath City School District

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

	2008	2009	2010	2011
Other Financing Sources (Uses):				
Sale of Capital Assets	75	0	49	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	248,060	0	0
Transfers In	20,000	20,000	20,000	0
Transfers Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	<u>75</u>	<u>248,060</u>	<u>49</u>	<u>0</u>
Net Change in Fund Balance	<u>\$1,011,062</u>	<u>\$679,036</u>	<u>\$259,559</u>	<u>(\$196,156)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 8.84%	 8.31%	 7.71%	 7.61%

* Restated

Source: District Treasurer's Office

Heath City School District

2012	2013	2014	2015	2016	2017
0	0	4,000	400	400	3,000
0	0	0	0	7,340,000	0
0	0	0	0	493,000	0
0	0	0	0	(7,688,354)	0
0	74,450	250,956	0	0	325,526
0	0	50,000	85,000	0	101,150
0	0	(50,000)	(85,000)	0	(101,150)
0	74,450	254,956	400	145,046	328,526
(\$1,060,722)	(\$1,496,596)	\$1,128,647	\$1,760,357	\$1,624,365	\$1,426,695
7.81%	8.36%	8.21%	8.13%	7.70%	7.43%

Heath City School District

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

Tax year	2007	2008	2009	2010
		**		
Real Property				
Assessed	\$243,057,770	\$244,538,400	\$243,252,830	\$243,524,570
Actual	694,450,771	698,681,143	695,008,086	695,784,486
Public Utility				
Assessed	5,352,300	5,906,570	5,787,400	6,265,120
Actual	5,352,300	5,906,570	5,787,400	6,265,120
Tangible Personal Property				
Assessed	23,843,800	510,015	536,600	0
Actual	190,750,400	8,160,240	5,366,000	0
Total				
Assessed	272,253,870	250,954,985	249,576,830	249,789,690
Actual	890,553,471	712,747,953	706,161,486	702,049,606
Assessed Value as a Percentage of Actual Value	30.57%	35.21%	35.34%	35.58%
Total Direct Tax Rate	\$54.60	\$55.08	\$55.70	\$55.62

Source: Licking County Auditor

* Reappraisal

** Update

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

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

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

Heath City School District

2011 *	2012	2013	2014 **	2015	2016
\$246,409,720 704,027,771	\$248,432,630 709,807,514	\$248,446,390 709,846,829	\$246,138,835 703,253,814	\$234,500,020 670,000,057	\$236,501,406 675,718,303
6,342,490 6,342,490	6,675,260 6,675,260	7,976,040 7,976,040	8,025,020 8,025,020	9,434,090 9,434,090	11,761,470 11,761,470
0 0	0 0	0 0	0 0	0 0	0 0
252,752,210 710,370,261	255,107,890 716,482,774	256,422,430 717,822,869	254,163,855 711,278,834	243,934,110 679,434,147	248,262,876 687,479,773
35.58%	35.61%	35.72%	35.73%	35.90%	36.11%
\$55.70	\$53.85	\$61.75	\$63.10	\$64.30	\$63.30

Heath City School District

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Direct District Rates				
General Fund	48.40	48.81	49.30	49.31
Bond Retirement Fund	5.00	5.07	5.20	5.11
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>54.60</u>	<u>55.08</u>	<u>55.70</u>	<u>55.62</u>
Overlapping Rates				
City of Heath	5.40	5.40	5.40	5.40
Career and Technical Education Center	3.00	2.50	2.50	2.52
Licking County	7.40	7.10	7.40	7.70
Licking County Library	0.00	0.00	0.00	1.00
Licking County Park District	0.00	0.00	0.00	0.00

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

Source:

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

Heath City School District

2011	2012	2013	2014	2015	2016
49.30	47.60	55.50	56.60	57.80	57.20
5.20	5.05	5.05	5.30	5.30	4.90
1.20	1.20	1.20	1.20	1.20	1.20
55.70	53.85	61.75	63.10	64.30	63.30
5.40	5.65	5.40	5.40	6.40	6.40
2.54	2.48	2.56	2.54	2.58	2.57
7.70	7.70	7.70	8.00	8.00	8.00
1.00	1.00	1.00	1.00	1.00	1.00
0.00	0.00	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 2016		
		Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$8,967,740	1	3.62%
Ohio Power Company	Utility Company - Electric	9,068,400	2	3.65%
Southgate Association Limited Partnership	Shopping Center	5,483,800	3	2.21%
Cross Creek Limited Partnership	Shopping Center	3,203,080	4	1.29%
Wal*Mart Stores, Inc.	Retail Store	2,912,710	5	1.17%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,640,190	6	1.06%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,614,120	7	1.05%
Heath Nursing Realty LLC	Development	2,595,150	8	1.05%
Quest Heathwood Village LLC	Apartments	2,332,260	9	0.94%
RAF Heath LLC	Shopping Center	2,205,010	10	0.89%
Subtotal		42,022,460		16.93%
All Others		206,240,416		83.07%
Total		<u>\$248,262,876</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 2007		
		Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$14,329,140	1	5.77%
Southgate Association Limited Partnership	Shopping Center	4,234,690	2	1.70%
Inland Western Heath Southgate LLC	Retail	4,167,100	3	1.68%
Ohio Power Company	Utility Company - Electric	4,040,160	4	1.63%
Wal*Mart Stores, Inc.	Retail Store	2,903,530	5	1.17%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,693,730	6	1.08%
Cross Creek Limited Partnership	Shopping Center	2,512,720	7	1.01%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,506,880	8	1.01%
Lowe's	Retail	2,436,420	9	0.98%
H & D Holding Company	Nursing and Convalescent Home	2,024,050	10	0.81%
Subtotal		41,848,420		16.84%
All Others		206,561,650		83.16%
Total		<u>\$248,410,070</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2016 and 2007

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	2007	2008	2009
Total Tax Levy	\$9,201,990	\$9,772,281	\$9,252,238
Collections within the Fiscal Year of the Levy			
Current Tax Collections	8,585,291	9,568,886	8,929,050
Percent of Levy Collected	93.30%	97.92%	96.51%
Delinquent Tax Collections (1)	204,378	127,549	204,670
Total Tax Collections	8,789,669	9,696,435	9,133,720
Percent of Total Tax Collections To Tax Levy	95.52%	99.22%	98.72%
Accumulated Outstanding Delinquent Taxes	412,320	468,915	644,070
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	4.48%	4.80%	6.96%

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$9,420,730	\$9,476,237	\$9,495,631	\$9,003,974	\$10,960,686	\$11,119,757	\$11,551,120
8,385,220	9,196,764	9,149,588	8,709,214	10,649,259	10,812,156	11,223,676
89.01%	97.05%	96.36%	96.73%	97.16%	97.23%	97.17%
<u>336,522</u>	<u>336,523</u>	<u>96,940</u>	<u>3,969</u>	<u>167,209</u>	<u>161,863</u>	<u>284,617</u>
8,721,742	9,533,287	9,246,528	8,713,183	10,816,468	10,974,019	11,508,293
92.58%	100.60%	97.38%	96.77%	98.68%	98.69%	99.63%
698,988	214,485	232,431	183,748	190,554	125,628	120,889
7.42%	2.26%	2.45%	2.04%	1.74%	1.13%	1.05%

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

	2008	2009	2010	2011
Governmental Activities (1)				
Long-Term Notes Payable	\$69,000	\$35,000	\$0	\$0
General Obligation Bonds Payable	16,041,800	15,721,702	15,402,557	15,120,402
Capital Leases	40,234	215,410	169,535	120,833
Total Primary Government	<u>\$16,151,034</u>	<u>\$15,972,112</u>	<u>\$15,572,092</u>	<u>\$15,241,235</u>
Population (2)				
City of Heath	8,527	8,544	8,507	10,310
Outstanding Debt Per Capita	1,894	1,869	1,831	1,478
Income (3)				
Personal (in thousands)	289,253	295,460	291,348	358,520
Percentage of Personal Income	5.58%	5.41%	5.34%	4.25%

* 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

2012	2013	2014	2015	2016	2017
*					
\$0	\$0	\$0	\$0	\$0	\$0
15,061,386	14,522,171	13,902,047	13,170,033	12,140,782	11,355,564
69,131	64,732	301,989	204,216	105,768	256,008
<u>\$15,130,517</u>	<u>\$14,586,903</u>	<u>\$14,204,036</u>	<u>\$13,374,249</u>	<u>\$12,246,550</u>	<u>\$11,611,572</u>
10,310	10,310	10,310	10,310	10,310	10,310
1,468	1,415	1,378	1,297	1,188	1,126
386,532	388,470	396,822	410,699	428,700	428,700
3.91%	3.75%	3.58%	3.26%	2.86%	2.71%

Heath City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2008	2009	2010	2011
Population ⁽¹⁾	8,527	8,544	8,507	10,310
Assessed Value ⁽²⁾	272,253,870	250,954,985	249,576,830	249,789,690
General Bonded Debt ⁽³⁾				
General Obligation Bonds	16,041,800	15,721,702	15,402,557	15,120,402
Resources Available to Pay Principal ⁽⁴⁾	664,539	797,551	880,415	1,031,216
Net General Bonded Debt	15,377,261	14,924,151	14,522,142	14,089,186
Ratio of Net Bonded Debt to Assessed Value	5.65%	5.95%	5.82%	5.64%
Net Bonded Debt per Capita	1,803.36	1,746.74	1,707.08	1,366.56

Source:

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

(2) Licking County Auditor

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

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

Heath City School District

2012	2013	2014	2015	2016	2017
10,310	10,310	10,310	10,310	10,310	10,310
252,752,210	255,107,890	256,422,430	254,163,855	243,934,110	248,262,876
15,061,386	14,522,171	13,902,047	13,170,033	12,140,782	11,355,564
1,103,745	1,042,575	1,049,893	1,075,169	1,242,170	1,006,492
13,957,641	13,479,596	12,852,154	12,094,864	10,898,612	10,349,072
5.52%	5.28%	5.01%	4.76%	4.47%	4.17%
1,353.80	1,307.43	1,246.57	1,173.12	1,057.09	1,003.79



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2017*

<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	\$11,611,572	100.00%	\$11,611,572
Overlapping:			
City of Heath	2,310,000	93.16%	2,151,996
Career and Technical Education Center	3,643,333	6.04%	220,057
Licking County	27,406,037	6.25%	<u>1,712,877</u>
		Subtotal	<u>4,084,930</u>
		Total	<u><u>\$15,696,502</u></u>

Source: Licking County and Fiscal Officers of Subdivision

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

Heath City School District

Debt Limitations Last Ten Years

	2008	2009	2010	2011
Net Assessed Valuation	\$272,253,870	\$250,954,985	\$249,576,830	\$249,789,690
Legal Debt Limitation (%) ⁽¹⁾	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) ⁽¹⁾	24,502,848	22,585,949	22,461,915	22,481,072
Applicable District Debt Outstanding	16,110,800	15,756,702	15,402,557	15,120,402
Less: Applicable Debt Service Fund Amounts ⁽²⁾	(664,539)	(797,551)	(880,415)	(1,031,216)
Net Indebtedness Subject to Limitation	15,446,261	14,959,151	14,522,142	14,089,186
Overall Legal Debt Margin	<u>\$9,056,587</u>	<u>\$7,626,798</u>	<u>\$7,939,773</u>	<u>\$8,391,886</u>
Legal Debt Limitation (%) ⁽¹⁾	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) ⁽¹⁾	272,254	250,955	249,577	249,790
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$272,254</u>	<u>\$250,955</u>	<u>\$249,577</u>	<u>\$249,790</u>
Legal Debt Limitation (%) ⁽¹⁾	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) ⁽¹⁾	2,450,285	2,258,595	2,246,191	2,248,107
Applicable District Debt Outstanding	0	0	0	0
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$2,450,285</u>	<u>\$2,258,595</u>	<u>\$2,246,191</u>	<u>\$2,248,107</u>

*Restated for Deferred Charge on Refunding

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

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

Heath City School District

2012	2013	2014	2015	2016	2017
*					
\$252,752,210	\$255,107,890	\$256,422,430	\$254,163,855	\$243,934,110	\$248,262,876
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
22,747,699	22,959,710	23,078,019	22,874,747	21,954,070	22,343,659
15,061,386	14,522,171	13,902,047	13,170,033	12,140,782	11,355,564
(1,103,745)	(1,042,575)	(1,049,893)	(1,075,169)	(1,242,170)	(1,006,492)
13,957,641	13,479,596	12,852,154	12,094,864	10,898,612	10,349,072
\$8,790,058	\$9,480,114	\$10,225,865	\$10,779,883	\$11,055,458	\$11,994,587
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
252,752	255,108	256,422	254,164	243,934	248,263
0	0	0	0	0	0
\$252,752	\$255,108	\$256,422	\$254,164	\$243,934	\$248,263
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,274,770	2,295,971	2,307,802	2,287,475	2,195,407	2,234,366
0	0	0	0	0	0
\$2,274,770	\$2,295,971	\$2,307,802	\$2,287,475	\$2,195,407	\$2,234,366

Heath City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2007	2008	2009	2010	2011
Population (1)					
City of Heath	8,527	8,544	8,507	10,310	10,310
Licking County	155,694	156,183	158,488	166,492	166,983
Income (2) (a)					
Total Personal (in thousands)	289,253	295,460	291,348	358,520	386,532
Per Capita	33,922	34,581	34,248	34,774	37,491
Unemployment Rate (3)					
Federal	4.6%	5.8%	9.3%	9.6%	8.9%
State	5.6%	6.6%	10.2%	10.1%	8.6%
Licking County	5.2%	6.1%	9.3%	9.5%	8.0%

Fiscal Year	2008	2009	2010	2011	2012
School Enrollment (4)					
Grades K - 2	379	382	370	345	325
Grades 3 - 5	435	432	398	384	364
Grades 6 - 8	395	436	416	437	422
Grades 9 - 12	487	472	445	431	430
JVS	47	53	52	55	56
Total	<u>1,743</u>	<u>1,775</u>	<u>1,681</u>	<u>1,652</u>	<u>1,597</u>

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County (2016 not available), Total Personal Income is a calculation

(3) State Department of Labor Statistics

(4) District Treasurer's Office

Heath City School District

2012	2013	2014	2015	2016
10,310	10,310	10,310	10,310	10,310
167,719	168,503	169,390	170,570	170,570
388,470	396,822	410,699	428,700	428,700
37,679	38,489	39,835	41,581	41,581
8.1%	7.4%	6.2%	5.3%	4.9%
7.2%	7.4%	5.7%	4.9%	4.9%
6.5%	6.9%	5.1%	4.4%	4.3%
2013	2014	2015	2016	2017
329	365	401	398	367
368	376	389	380	421
426	388	407	405	388
436	464	473	465	480
55	48	65	70	56
1,614	1,641	1,735	1,718	1,712



Heath City School District

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2016	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	844	1
Super Wal-Mart Stores	Retail Sales	481	2
Kaiser Aluminum & Chemical Co.	Manufacturing	309	3
Heath City Schools	Education	296	4
Lowe's Home Center	Retail Sales	233	5
Heath Nursing Home	Health Care	220	6
JLH Automotive	Retail Sales	215	7
Englefield Oil	Petroleum Products	212	8
Arvin/Meritor	Manufacturing	211	9
Mathews Ford	Retail Sales	148	10
Total		<u>3,169</u>	

Employer	Nature of Business	2007	
		Number of Employees	Rank
Central Ohio Aerospace and Technology Center	Manufacturing	1,018	1
Arvin/Meritor/Rockwell	Manufacturing	493	2
Wal*Mart Stores	Retail Sales	483	3
Heath City Schools	Education	298	4
Heath Nursing Home	Health Care	278	5
Kaiser Aluminum and Chemical Corporation	Manufacturing	271	6
Sears	Retail Sales	253	7
Lowe's Home Center	Retail Sales	235	8
Englefield Oil	Petroleum Products	207	9
Kroger	Retail Grocery	153	10
Total		<u>3,689</u>	

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

Heath City School District

School District Employees by Type Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Supervisory					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	1.00	1.00	1.00	1.00	1.00
Principals	4.00	4.00	4.00	4.00	4.00
Assistant Principals	1.00	1.00	1.00	1.00	1.00
Instruction					
Classroom Teachers	105.00	106.00	106.00	104.00	102.00
Student Services					
Guidance Counselors	3.00	3.50	3.50	3.50	2.50
Psychologists	1.00	1.00	1.00	1.00	1.00
Librarians	2.00	2.00	2.00	2.00	2.00
Support Services					
Clerical/Secretaries	11.00	11.00	11.00	11.00	11.00
Tutors/Aides	2.00	2.00	2.00	2.00	2.00
Food Service	18.00	18.00	18.00	18.00	18.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	12.00	12.00	12.00	12.00	12.00
<i>Total Employees</i>	<u>171.00</u>	<u>172.50</u>	<u>172.50</u>	<u>170.50</u>	<u>167.50</u>

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

Beginning in fiscal year 2017, values represent salary positions only at the beginning of the fiscal year and do not include hourly employees. Full-time is defined as at least 7.25 hours per day except for full-time food service staff at 6 hours per day and transportation staff defined as 4.5 hours per day.

Source: District Treasurer's Office

Heath City School District

2013	2014	2015	2016	2017
2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	4.50
4.00	4.00	4.00	4.00	4.00
1.00	2.00	2.00	2.00	1.00
100.00	104.00	102.00	104.00	100.00
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	3.00
1.00	1.00	1.00	1.00	1.00
11.00	11.00	11.00	11.00	11.50
1.00	1.00	1.00	1.00	1.00
18.00	18.00	18.00	18.00	10.50
9.00	9.00	9.00	9.00	9.50
12.00	12.00	12.00	12.00	14.50
162.00	167.00	165.00	167.00	163.50

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2008	2009	2010	2011
Enrollment	1,743	1,775	1,681	1,652
Modified Accrual Basis				
Operating Expenditures	16,152,925	16,991,666	17,866,510	17,599,205
Cost per Pupil	9,267	9,573	10,629	10,653
Percentage of Change	(1.7%)	3.3%	11.0%	0.2%
Accrual Basis (1)				
Expenses	15,490,046	16,241,554	17,456,264	17,108,447
Cost per Pupil	8,887	9,150	10,384	10,356
Percentage of Change	0.70%	2.96%	13.49%	(0.27%)
Teaching Staff	105	106	106	104

(1) Expenses exclude interest and fiscal charges

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

Heath City School District

2012	2013	2014	2015	2016	2017
1,597	1,614	1,641	1,735	1,718	1,712
17,436,731	17,694,748	17,414,789	18,352,229	19,807,688	20,248,950
10,918	10,963	10,612	10,578	11,530	11,828
2.5%	0.4%	(3.2%)	(0.3%)	9.0%	2.6%
16,713,393	16,839,524	16,585,008	17,415,686	18,853,713	19,635,128
10,465	10,433	10,107	10,038	10,974	11,469
1.06%	(0.31%)	(3.13%)	(0.68%)	9.33%	4.51%
93	94	100	102	104	100

Heath City School District

Operating Indicators by Function Last Ten Years

	2008	2009	2010	2011
Governmental Activities				
Pupils				
Enrollment	1,743	1,775	1,681	1,652
Graduates	105	113	110	122
Percent of Students with Disabilities	6.7%	6.3%	6.5%	6.7%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	95.10%	96.10%	94.70%	95.40%
Fiscal Services				
Purchase Orders Processed	2,054	2,149	2,067	2,114
Checks Issued (non payroll)	2,269	2,316	1,583	2,266
Operation and Maintenance of Plant				
District Square Footage Maintained	291,068	291,068	291,068	291,068
District Square Miles Maintained	11.2	11.2	11.2	11.2
Pupil Transportation				
Average Daily Students Transported	1,147	1,189	1,188	1,195
Average Daily Bus Fleet Miles	898	901	901	901
Number of Buses	16	16	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Meals Served Annually	155,431	156,800	156,982	146,579
Percent of Free/Reduced Price Meals	33%	39%	40%	41%
Extracurricular Activities				
High School Varsity Teams	17	17	17	17

Source: District Treasurer's Office

Heath City School District

2012	2013	2014	2015	2016	2017
1,597	1,614	1,641	1,735	1,718	1,712
116	112	117	133	137	108
7.0%	7.1%	7.2%	7.2%	7.2%	11.5%
12	12	12	12	12	12
96.40%	96.20%	96.80%	96.70%	96.80%	94.90%
2,116	2,355	2,367	2,241	2,287	2,416
2,242	2,385	2,288	2,318	2,302	2,249
291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,162	1,169	1,181	1,188	1,188	885
901	899	900	901	901	581
16	16	16	16	16	17
145,932	142,972	141,109	140,972	141,172	134,229
46%	47%	47%	48%	49%	37%
17	17	17	17	17	21

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2008	2009	2010	2011	2012
Minimum Salary (1)	31,175	32,213	33,286	33,286	33,286
Maximum Salary (1)	68,585	69,258	71,565	71,565	71,565
District Average Salary (3)	50,768	51,571	54,130	54,823	54,334
County Average Salary (3)	49,633	49,961	51,707	51,585	51,585
State Average Salary (3)	53,410	54,656	55,958	56,715	56,715

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	2008	2009	2010	2011	2012
Bachelor's Degree	10	9	9	7	6
Bachelor + 15 (2)	17	18	16	16	9
Master's Degree	53	54	56	56	57
Master's Degree + 15 (2)	12	12	12	12	9
Master's Degree + 30	13	13	13	13	12
Total	105	106	106	104	93

Source: District Treasurer's Office

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

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

(3) Ohio Department of Education

Heath City School District

2013	2014	2015	2016	2017
33,286	34,118	34,800	35,148	35,148
71,565	73,354	74,820	75,568	77,326
54,057	52,671	51,776	52,446	52,535
51,214	50,856	50,246	51,985	53,527
56,307	55,913	55,242	57,154	58,849

2013	2014	2015	2016	2017
6	27	26	23	34
9	0	0	0	0
56	64	67	72	57
9	0	0	0	0
12	9	9	9	9
92	100	102	104	100

Heath City School District

Capital Asset Statistics by Building Last Ten Years

	2008	2009	2010	2011
Secondary				
Heath High School				
Square Footage	124,740	124,740	124,740	124,740
Capacity (students)	600	600	600	600
Enrollment	534	525	497	486
Middle				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	395	436	416	437
Elementary				
Stevenson Elementary School				
Square Footage	44,437	44,437	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	435	432	398	384
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	450	450	450	450
Enrollment	379	382	370	345
All Other				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	13	13	13	13
Bus Garage				
Square Footage	10,800	10,800	10,800	10,800
Capacity (Buses)	16	16	16	16

Source: District Treasurer's Office

Heath City School District

2012	2013	2014	2015	2016	2017
124,740	124,740	124,740	124,740	124,740	124,700
600	600	600	600	600	600
497	497	512	538	535	536
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
416	416	388	407	405	388
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
398	398	376	401	380	421
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
370	370	365	389	398	367
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	12	13	13	13
10,800	10,800	10,800	10,800	10,800	10,800
16	16	16	16	16	17

Heath City School District

Educational and Operating Statistics Last Ten Years

	2008	2009	2010	2011	2012
ACT Scores (Average)					
Heath	21.7	21.8	22.0	21.9	21.8
Ohio	21.6	21.7	21.7	21.7	21.6
National	21.2	21.3	21.3	21.3	21.3
Cost per Student (ODE)					
Heath	8,260	8,060	10,480	10,677	9,136
Ohio (Average) (1)	9,939	10,184	10,512	10,571	10,508
Attendance Rate					
Heath	95.10%	95.20%	94.70%	95.40%	95.60%
Ohio (Average) (1)	94.20%	94.30%	94.30%	64.50%	94.50%
Graduation Rate (2)					
Heath	99.10%	93.70%	99.30%	96.50%	93.80%
Ohio (Average)	86.20%	84.60%	83.00%	83.30%	81.30%

Source:

District's Student Records and Ohio Department of Education

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

(2) The 2017 figures were not yet available.

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

Heath City School District

2013	2014	2015	2016	2017
21.7	21.8	21.9	21.9	21.3
21.7	21.7	21.7	21.7	22.0
21.3	21.4	21.4	21.4	21.0
10,961	8,603	8,225	8,978	9,480
10,149	9,536	9,904	9,837	10,445
94.80%	96.70%	94.90%	94.90%	94.90%
94.20%	94.30%	94.10%	94.10%	93.90%
93.30%	91.70%	96.90%	92.40%	92.40%
82.20%	82.30%	83.00%	83.50%	83.50%

