

# **Heath City School District**

Heath, Ohio



## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

***HEATH CITY SCHOOL DISTRICT***

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***HEATH CITY SCHOOL DISTRICT***

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Heath, Ohio

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
June 30, 2022**

*Prepared by:*

**Mr. Karl Zarins  
Treasurer**

***HEATH CITY SCHOOL DISTRICT***

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# HEATH CITY SCHOOL DISTRICT

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

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## *INTRODUCTORY SECTION*

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December 27, 2022

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

As the Superintendent and Treasurer of the Heath City School District (the District), we are pleased to submit to you this Annual Comprehensive Financial Report issued by the District. This Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 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 1,714 students. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels, a broad range of co-curricular and extracurricular activities, and special education services.

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

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2022***

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### **ECONOMIC CONDITIONS AND OUTLOOK**

The District is located within the City of Heath in Licking County, which is situated in the east-central part of the state. Heath is a community of 10,412 people. It is located approximately 6 miles north of Interstate 70, 45 miles east of Columbus and is bounded on the north by Newark, the county seat of Licking County. State Routes 79 and 13 serve as the major transportation arteries.

The COVID-19 epidemic in 2021 and 2022 caused a disruption for many of the businesses in Heath, particularly in service and retail sectors. The economic uncertainty largely subsided due to the introduction of effective vaccines, and there has been a strong rebound of economic and housing activity. The county auditor estimates property values every 3 years and will be updated in 2023. However, outside data indicates very strong property value growth. According to Zillow data, average home sale values increased 19.9% in FY22. Likewise, Owens Corning constructed a 750,000 square foot facility completed in 2021. While this development is abated from property taxes, it does indicate strong job growth potential in the area. Perhaps the most significant development is that Intel announced in January of 2022 that it will locate a \$20b facility in Licking County and anticipates 7,000 construction jobs and 3,000 permanent jobs with an average salary of \$130,000. In addition, it is expected that jobs will be created in the region due to ancillary services to serve Intel's operations. The size of this development is expected to create numerous changes in the region as a whole. The city of Heath is aggressive in attracting businesses to the area through tax abatements and developing its infrastructure. The District is currently evaluating the potential impact of the Intel development on enrollment and its building capacity.

**Long-Term Financial Planning** – The District prepares a five-year forecast for use as a tool for long range planning. The five-year forecast projects local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. The District currently maintains a solid cash balance as a result of historically responsible management of its finances. FY22 saw receipts increase 4.4% and compared to FY21 on a cash basis. Meanwhile, expenditures only increased 3.2% on a cash basis resulting in a further strengthening cash position.

Receipts increased due to higher property tax collections and federal funding, but were offset by a decline in open enrollment receipts due to a change in state law. FY22 was the first year under a new funding formula, and represents a fundamental change. Under the prior model, resident students were funded and any students attending a school other than their resident school district would generate either revenue or expenses for their home district. Therefore, under the new model state funding of non-resident students is not distinguished from resident students. There have also been a number of changes in what the state now considers restricted funding. Combining open enrollment receipts and state funding (restricted and unrestricted) resulted in a net decline of 9.5% or \$833k. (The paragraph below illustrates the net impact on expenditures.) Meanwhile property tax receipts had strong collections and increased 5.2% in FY22 compared to FY21. Finally, federal grant receipts increased \$1.1m or 60.2% in FY22 primarily due to temporary funding sources including COVID related funding, the federal government's temporary expansion of funding for free school lunches, and the District's expansion of a Literacy Grant initiative.

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

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2022***

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Property tax collections were strong and increased 5.2% in FY22 from FY21. State Funding increased. The state funding model was revised in FY 22 so that enrolled students are funded by the state and no expenses or revenue is generated by students leaving their home districts. Removing the impact of these factors, expenditures increased 6.7% from FY 21. The state funding model was revised in FY 22 so that enrolled students are funded by the state and no expenses or revenue is generated by students leaving their home districts. Removing the impact of these factors, expenditures increased 6.7% from FY 21.

On a cash basis FY 22 expenditures were 3.2% higher than FY21. FY22 salary costs increased 4.1% and benefit costs increased 6.7% from FY 21. This was offset by declines in purchased services of 21.8% from the prior year, a decline of \$936k. Declines in purchased services are due to a fundamental change in the state funding model discussed above resulting in a decline of \$883k in costs for resident students attending other districts. Removing the impact of these factors, expenditures increased 6.7% from FY 21. This increase is in the context of two major initiatives. First, in FY 22 the District turned its focus to remediating the impact of the COVID-19 pandemic. The District increased its staffing in educational remediation and counseling staff to address the educational, social and emotional impact of the pandemic. Likewise, the District continues to make investments in literacy professional development funded by its state literacy grant. These activities include training teachers with the latest scientific based literacy teaching techniques and approaches. In the context of these initiatives and changes, the District was able to control its costs to remain less than its receipts.

### **OPERATING RESULTS AND MAJOR INITIATIVES**

#### **Current:**

During fiscal year 2022, the District continued to work toward both operational and educational goals.

Academically, the 2021-22 school year included improved student achievement data that rose to within a point (performance index) of the pre-pandemic (2018-19) score of 90.6. The performance index for the 2021-22 school year improved to 89.8 from the prior year (2020-21) score of 85.7. District Progress scores regressed slightly from the prior year, with the school district earning 3 out of 5 stars. The third, fifth, seventh, as well as most high school EOC assessed areas either met or exceeded expected growth. Student achievement and student growth metrics provide the most uniform data that indicates how students perform in reading, math, science and social studies. The district's chronic absenteeism rating was 35.7%, which was a significant increase from pre-pandemic data, and was likely impacted by COVID-19 related absences throughout the year. The staff are implementing preventative measures and interventions to improve school attendance for the 2022-23 school year.

Operationally, the District made several strides to modernize facilities, minimize financial variability, and improve its business operations. In 2021, the residents of the Heath City Schools graciously passed a 4.0 mil permanent improvement levy. This allows the District to more proactively perform maintenance on its aging facilities and avoid large unexpected repairs. It also offers flexibility to the District to either maintain existing facilities or potentially reallocate a portion of these funds toward financing new facilities. In FY 22, the District made a number of repairs and improvements. The most significant of these projects included replacing a section of the roof at the High School and a district-wide multi-building radon remediation project. The District continues to evaluate projects to ensure that its students have access to modern and safe facilities, and its tax payers receive services in an efficient and effective manner.

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

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2022***

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#### Future:

Each year, the District updates a five-year continuous improvement plan developed by an administrative team consisting of the Superintendent, administrators, staff members, business members and the community. Using the Decision Framework and the Ohio Improvement Process the team identifies and develops goals, objectives and strategies to help ensure all students learn and grow. Despite the realities of operating during a pandemic, the District continues to work to improve its operations and educational opportunities for its students.

Academically, the District is refocusing and continuing our work on instructional improvement during the 2022-23 school year. Our strongest concentration of work will be in the area of literacy. The District is in year three of its comprehensive school literacy grant, and is converting to a researched based ELA curriculum in grades 3-8. The District hired a literacy coordinator who is able to certify our teachers in multi-sensory structured literacy, which is helpful in not only improving literacy instruction, but also in meeting the requirements of the dyslexia support laws which are new in the 2022-23 school year.

District officials are also continuing work on the following initiatives:

- Continued improvement of technological infrastructure.
- Offer various classes of summer remediation and credit recovery at no cost to students and their families.
- Strive to meet all state indicators on the District report card.
- Fully implement the “Leader in Me” program in the elementary grades (K-5) and the LEAD program in grades 7-12.
- Utilize STAR Early Literacy, STAR Reading and Math Assessments and multiple dyslexia screeners to identify students needing intervention, referral for possible gifted identification and/or progress monitoring of students.
- Utilize all available data to drive curricular decisions in the regular curriculum, intervention areas and special education.

# ***HEATH CITY SCHOOL DISTRICT***

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## ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2022***

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### **FINANCIAL INFORMATION**

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

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

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

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

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

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

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2022***

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### **OTHER INFORMATION**

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

**AWARDS** -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents satisfy all program standards. The report must satisfy both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2021. We believe this, our twentieth Annual Comprehensive Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

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

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

Respectfully submitted,



Trevor Thomas  
Superintendent



Karl Zarins  
Treasurer



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

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### ***Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2022***

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

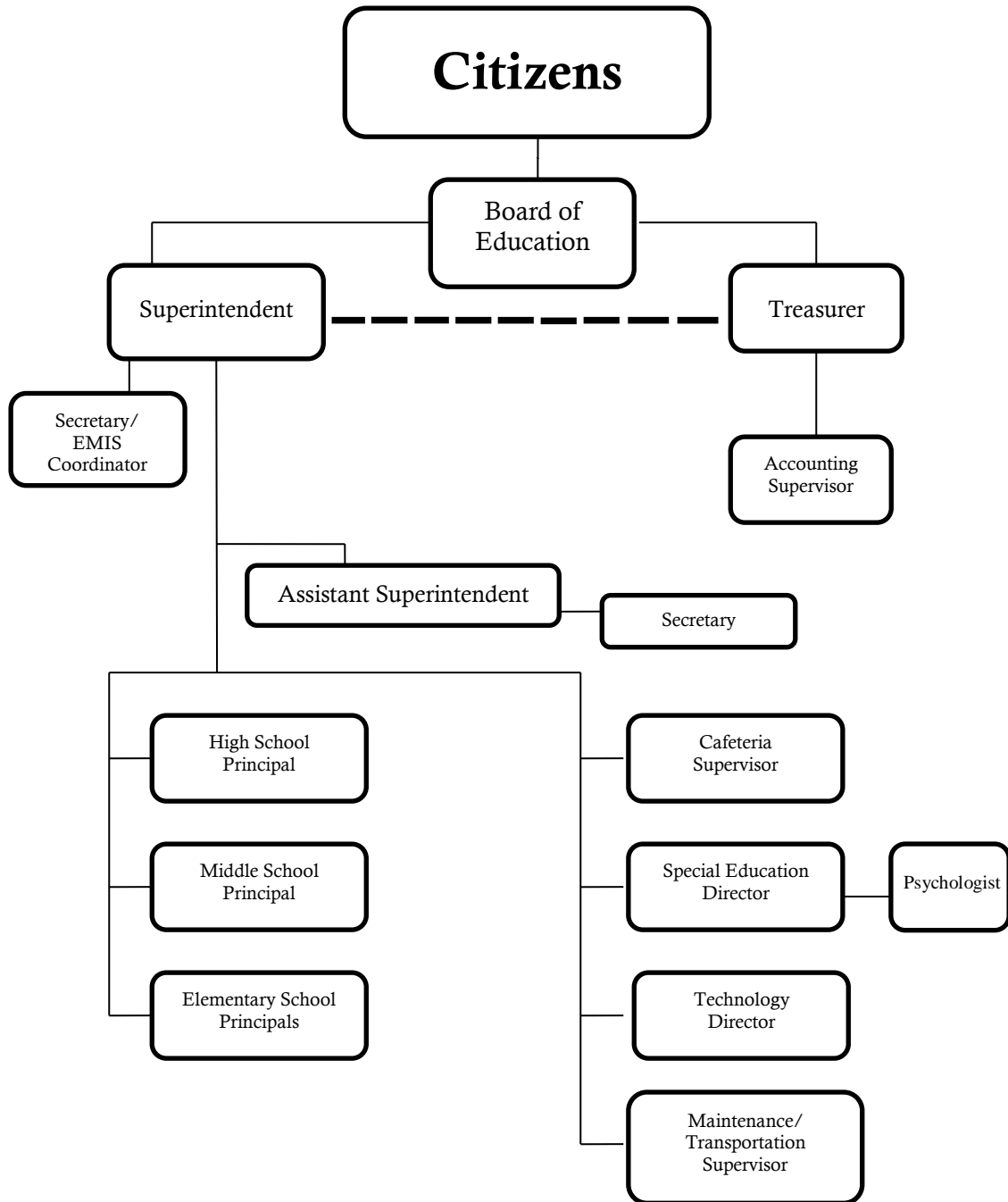
<b>Name</b>	<b>Title</b>	<b>Years of Service</b>
Ms. Debbie Kelley	President	14
Mr. Sam Smith	Vice President	10
Dr. Craig Dyer	Member	6
Dr. Melody Klontz	Member	6
Ms. Dianne Winter	Member	6

#### ***Administration***

<b>Name</b>	<b>Title</b>	<b>Years of Service</b>	
		<b>Position</b>	<b>Total</b>
Dr. Trevor Thomas	Superintendent	9	20
Mr. Karl Zarins	Treasurer	5	20
Ms. Kelly Holbrook	Assistant Superintendent	9	24

# HEATH CITY SCHOOL DISTRICT

## Organizational Chart For the Fiscal Year Ended June 30, 2022



**HEATH CITY SCHOOL DISTRICT**

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

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Heath City School District  
Ohio**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



## ***FINANCIAL SECTION***

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## **Independent Auditor's Report**

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

To the Members of the Board of Education:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, as of June 30, 2022, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Heath City School District. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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



***Required Supplementary Information***

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

***Supplementary Information***

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

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022 on our consideration of the Heath City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Heath City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Heath City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 27, 2022



# **HEATH CITY SCHOOL DISTRICT**

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## ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022***

***Unaudited***

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The discussion and analysis of Heath City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. 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 2022 are as follows:**

- ❑ In total, net position increased \$5,162,640, which represents a 900.5% increase in net position from the 2021 net deficit.
- ❑ General revenues accounted for \$22,496,021 in revenue or 84.3% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$4,174,107 or 15.7% of total revenues of \$26,670,128.
- ❑ The District had \$21,507,488 in expenses related to governmental activities; only \$4,174,107 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$19,967,094 in revenues and \$18,059,024 in expenditures. The general fund's fund balance increased from \$12,687,912 to \$14,595,982.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

# **HEATH CITY SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022***

***Unaudited***

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## **Government-wide Statements**

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

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

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

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

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

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

## **Fund Financial Statements**

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

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

## **HEATH CITY SCHOOL DISTRICT**

### ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022***

***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 2022 compared to 2021:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Assets:			
Current and other assets	\$33,093,958	\$30,418,736	\$2,675,222
Net OPEB Asset	1,472,988	1,179,055	293,933
Capital assets, Net	11,521,421	11,647,302	(125,881)
Total assets	46,088,367	43,245,093	2,843,274
Deferred outflows of resources:			
Pension	5,598,893	4,280,393	1,318,500
OPEB	618,323	665,198	(46,875)
Total deferred outflows of resources	6,217,216	4,945,591	1,271,625
Liabilities:			
Net pension liability	11,530,983	20,716,468	(9,185,485)
Net OPEB liability	1,368,494	1,524,887	(156,393)
Long-term debt outstanding	7,228,914	9,041,173	(1,812,259)
Other liabilities	2,937,683	2,248,588	689,095
Total liabilities	23,066,074	33,531,116	(10,465,042)
Deferred inflows of resources:			
Property Tax	12,848,330	12,725,337	122,993
Refunding	143,793	172,550	(28,757)
Pension	9,159,780	120,356	9,039,424
OPEB	2,467,097	2,183,456	283,641
Total deferred inflows of resources	24,619,000	15,201,699	9,417,301
Net position (deficit):			
Net Investment in capital assets	5,738,539	3,920,842	1,817,697
Restricted	2,863,852	2,713,189	150,663
Unrestricted	(3,981,882)	(7,176,162)	3,194,280
Total net deficit	\$4,620,509	(\$542,131)	\$5,162,640

Net position of the District's governmental activities increased by \$5,162,640. This increase is partly attributed to the District maintaining expenses below revenues. As presented in the table of Changes in Net Position, total governmental expenses of \$21,507,488 were offset by program revenues of \$4,174,107 and general revenues of \$22,496,021.

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

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### ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022***

***Unaudited***

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The implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" in fiscal year 2015 and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in fiscal year 2018," significantly revised accounting for costs and liabilities related to pension and to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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### ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022***

***Unaudited***

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

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

At year-end for governmental activities, capital assets represented 25% 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, 2022 were \$5,738,539. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net position, \$2,156,560, represents resources that are subject to external restriction on how they may be used. Excluding the effect of GASB 68 and GASB 75, the District has approximately \$8.9 million in unrestricted net position which may be used to meet the District's ongoing obligations to the students and creditors.

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# **HEATH CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

**Unaudited**

Changes in Net Position – The following table shows the changes in net position for fiscal years 2022 and 2021:

	Governmental Activities		Increase (Decrease)
	2022	2021	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$646,785	\$2,535,116	(\$1,888,331)
Operating Grants and Contributions	3,512,408	2,492,212	1,020,196
Capital Grants and Contributions	14,914	41,088	(26,174)
Total Program Revenues	4,174,107	5,068,416	(894,309)
General Revenues:			
Property Taxes	13,381,311	12,561,869	819,442
Grants and Entitlements	8,715,419	7,737,617	977,802
Other	399,291	413,032	(13,741)
Total General Revenues	22,496,021	20,712,518	1,783,503
Total Revenues	26,670,128	25,780,934	889,194
<b>Program Expenses</b>			
Instruction	11,861,518	14,273,518	(2,412,000)
Support Services:			
Pupils Support	985,786	1,308,266	(322,480)
Instructional Staff Support	1,008,534	967,695	40,839
Board of Education	190,806	156,391	34,415
Administration	1,727,130	1,924,020	(196,890)
Fiscal Services	714,725	705,579	9,146
Business	10,044	16,334	(6,290)
Operation and Maintenance of Plant	1,516,664	1,706,530	(189,866)
Pupil Transportation	852,824	786,334	66,490
Central	357,395	419,302	(61,907)
Operation of Non-Instructional Services:			
Community Services	19,205	0	19,205
Food Service Operations	1,092,736	970,484	122,252
Extracurricular Activities	998,401	1,000,564	(2,163)
Interest and Fiscal Charges	171,720	246,193	(74,473)
Total Expenses	21,507,488	24,481,210	(2,973,722)
Change in Net Position	5,162,640	1,299,724	3,862,916
Beginning Net (Deficit)	(542,131)	(1,841,855)	1,299,724
Ending Net Position (Deficit)	\$4,620,509	(\$542,131)	\$5,162,640



## HEATH CITY SCHOOL DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

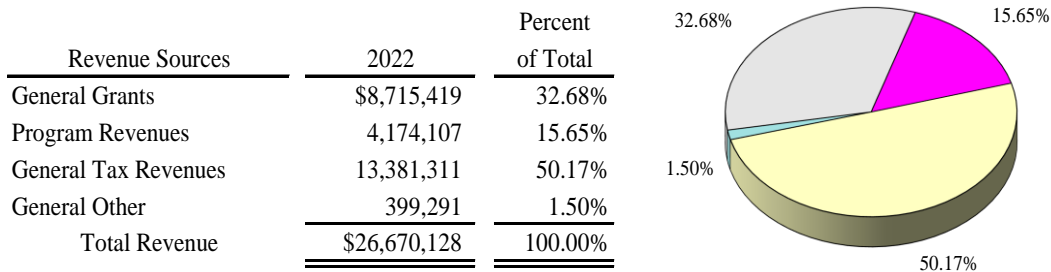
Unaudited

#### Governmental Activities

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$20,299,486 and represent 96% 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 50.17% of revenues for governmental activities for Heath City Schools in fiscal year 2022. 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 \$17,007,138, which is higher than last year's total of \$15,107,922. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2022 and 2021.

	Fund Balance June 30, 2022	Fund Balance June 30, 2021	Increase (Decrease)
General	\$14,595,982	\$12,687,912	\$1,908,070
Permanent Improvement	667,919	376,368	291,551
Other Governmental	1,743,237	2,043,642	(300,405)
Total	<u>\$17,007,138</u>	<u>\$15,107,922</u>	<u>\$1,899,216</u>

## HEATH CITY SCHOOL DISTRICT

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022*

*Unaudited*

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

	2022	2021	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$10,557,314	\$10,293,552	\$263,762
Tuition	266,356	2,130,956	(1,864,600)
Investment Earnings	(93,551)	(5,519)	(88,032)
Class Materials and Fees	77,487	76,136	1,351
Intergovernmental - State	8,783,658	7,478,464	1,305,194
All Other Revenue	375,830	383,554	(7,724)
Total	<u>\$19,967,094</u>	<u>\$20,357,143</u>	<u>(\$390,049)</u>

General Fund revenues in 2022 decreased approximately 1.9% compared to revenues in fiscal year 2021. Declines in tuition revenue explain this decline, but were partially offset by increases in taxes and state revenues. Fiscal year 2022 marked the beginning of the state's new funding model using a completely different methodology impacting accounting and the recognition of revenue. In the prior funding model, "resident" students were funded. The District received tuition revenue for any students that were open enrolled into the District but resided outside of the District. Likewise, any resident students attending other districts required a recognition of tuition expense. Under the new model, "enrolled" students are funded as "Intergovernmental- State" revenue regardless of their residency. Consistent with this new methodology, no tuition expenses were charged or recognized for resident students educated by other school districts. In fiscal year 2021 under the prior methodology, the District received nearly \$1.9m in open enrollment tuition revenue and recognized \$1.1m in tuition expenses through open enrollment, community school, various state scholarship programs.

These decreases are offset by increases in taxes and Intergovernmental-State revenues. In addition to the factors discussed above, state revenue increased due to a new funding formula that seeks to fund the cost to educate a child rather than the prior system that allocated an arbitrary funding amount between all the state's school districts. Even though the state did not fully phase in or fully fund the impact of this new methodology, it resulted in increases in state funding. Increases in tax revenue was driven by collection of delinquencies, and increases in residential new construction and increases in public utility personal property values.

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## **HEATH CITY SCHOOL DISTRICT**

### ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022***

***Unaudited***

	2022 Expenditures	2021 Expenditures	Increase (Decrease)
Instruction	\$10,687,028	\$11,683,630	(\$996,602)
Supporting Services:			
Pupils Support	590,187	662,274	(72,087)
Instructional Staff Support	779,493	839,231	(59,738)
Board of Education	190,806	156,391	34,415
Administration	1,824,683	1,714,132	110,551
Fiscal Services	728,457	635,824	92,633
Business	10,044	16,334	(6,290)
Operation and Maintenance of Plant	1,554,574	1,545,663	8,911
Pupil Transportation	770,312	640,445	129,867
Central	349,109	365,706	(16,597)
Operation of Non-Instructional Services:			
Food Service Operations	1,040	20,671	(19,631)
Extracurricular Activities	572,791	481,140	91,651
Capital Outlay	0	1,898	(1,898)
Debt Service:			
Principal Retirement	0	58,472	(58,472)
Interest and Fiscal Charges	500	1,739	(1,239)
Total	<u>\$18,059,024</u>	<u>\$18,823,550</u>	<u>(\$764,526)</u>

Expenditures decreased by \$764,526 or 4.1% compared to the prior year. Instruction services decreased 8.5% from the prior year, accounting for the majority of the decrease in expenditures from fiscal year 2021. As discussed above, this is predominantly caused by a change in the state funding model which impacts the manner in which students are funded and tuition costs recognized for students residing in the District but attending school elsewhere. This change accounts for a decline in expenditures of roughly \$1.1m compared to fiscal year 2021. This is offset by increases in other instructional cost categories including salaries and benefits.

Administration costs increased 6.4% from the prior year. The majority of these increases is explained by increases in salary and benefit costs due to negotiated salary increases and the timing of onboarding and offboarding of replacement of staff.

Pupil transportation costs increased 20.3% from the prior year. The majority of this increase is due to the District operations returning, mostly, to normal in fiscal year 2022 after COVID disrupted operations in fiscal year 2021 and fiscal year 2020. Over half of these increases are due to supply costs increasing by 112% due to higher repair costs and higher fuel costs. Additionally, there were increases in salary and benefit costs. Notably these costs included in increases in both sick leave, substitute, and overtime costs.

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

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### ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022***

***Unaudited***

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*Permanent Improvement Fund* – The fund balance increased 77.5% from fiscal year 2021. Fiscal year 2022 revenues increased 49.8% while expenditures remained relatively flat compared to 2021. The District passed a permanent improvement levy in 2020 that requires the establishment of its own fund to segregate revenues and expenditures. Calendar year 2020 property values became taxable to be collected in calendar year 2021 in two installments paid in March and August. Therefore, the first of these collections were received in fiscal year 2021 ending June 2021. The second collection was received in fiscal year 2022. So the first “full year of collections” was in fiscal year 2022.

### **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 2022 the District amended its General Fund budget several times. Final budget amounts were \$225,586 lower than original budget amounts. Actual expenditures (excluding other financing uses), were 6.1% lower than originally budgeted expenditures and 2.9% lower than the final budgeted expenditures. Final budget amounts and actual expenditures were tracked very closely.

Excluding other financing sources, revenues were 1.9% lower than originally budgeted and 0.05% higher than the final budget. Deviations from the original budget are explained by much lower tuition revenues and much higher state funding than expected. The General Fund budget actual revenue increased approximately \$9,962 compared to the final budget estimates.

## **HEATH CITY SCHOOL DISTRICT**

### ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022***

***Unaudited***

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### *Capital Assets*

At the end of fiscal 2022, the District had \$11,522,421 net of accumulated depreciation invested in land, buildings, equipment, and vehicles. The following table shows fiscal year 2022 and 2021 balances:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Land	\$438,952	\$438,952	\$0
Construction in Progress	496,659	0	496,659
Land Improvements	3,542,598	3,500,009	42,589
Buildings and Improvements	23,692,162	23,612,500	79,662
Machinery and Equipment	1,846,120	1,678,380	167,740
Vehicles	1,189,930	1,067,041	122,889
Less: Accumulated Depreciation	(19,684,000)	(18,649,580)	(1,034,420)
Totals	<u>\$11,522,421</u>	<u>\$11,647,302</u>	<u>(\$124,881)</u>

The District's capital assets decreased in 2022 due to depreciation. Most of the depreciation was offset by an increase in Construction in Progress. A District wide radon mitigation project and a roof replacement project for the High School accounted for the amounts in CIP. Additional information on the District's capital assets can be found in Note 9.

##### *Debt*

At June 30, 2022, the District had \$7.2 million in general obligation bonds and compensated absences outstanding, \$1,170,507 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2022 and 2021:

	2022	2021
Governmental Activities:		
General Obligation Bonds Payable	\$5,639,092	\$7,553,910
Compensated Absences	<u>1,589,822</u>	<u>1,487,263</u>
Totals	<u>\$7,228,914</u>	<u>\$9,041,173</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2022, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

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

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022***

***Unaudited***

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### **ECONOMIC FACTORS**

The District's primary sources of funding remain local property tax collections and state funding. Property tax collections are in part reliant upon property valuations. The county auditor conducts a reappraisal every 6<sup>th</sup> year, with an update the third year. The Licking County Auditor performed its latest reappraisal of property values in tax year 2017, impacting collections for fiscal years 2018 and 2019. An update was performed for tax year 2021 impacting collections for fiscal years 2022 and 2023. The next reappraisal is expected tax year 2023. Due to the strong real estate market in central Ohio, low unemployment and growth in Licking County, property values are anticipated to appreciate or remain stable.

State funding is a legislative process that cannot be fully predicted, however, the District believes the state's capacity to continue its funding of local school districts is strong. State economic conditions generally have been positive as the state and nation recover from the pandemic. According to the state of Ohio's Office and Budget and Management's monthly financial reports, state revenue grew in fiscal year 2022 and is on pace to continue growth in fiscal year 2023. In addition, the state's budget stabilization fund also illustrates the state's ability to maintain school funding levels. According to ORC §131.43, it is the intent of the Ohio general assembly to maintain an amount of money in the budget stabilization fund that amounts to approximately 8.5% of the state of Ohio's general revenue fund revenues for the preceding fiscal year. As of June 30, 2021 the state's ACRF reports that the budget stabilization fund held \$2.6b and the General Revenue Fund had \$42.9b in revenue. This budgetary reserve remains strong. According to the Office and Budget Management the state's budget stabilization fund ("rainy day fund") held \$2.7b as of September 30, 2022.

### **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.



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## **HEATH CITY SCHOOL DISTRICT**

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### ***Statement of Net Position*** ***June 30, 2022***

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 12,124,929
Investments	6,613,455
Receivables:	
Taxes	13,638,024
Accounts	15,635
Intergovernmental	208,441
Inventory	21,826
Prepaid Items	471,648
Net OPEB Asset	1,472,988
Capital Assets:	
Nondepreciable Capital Assets	935,611
Depreciable Capital Assets, Net	10,585,810
Total Capital Assets, Net	<u>11,521,421</u>
<b>Total Assets</b>	<u>46,088,367</u>
 <b>Deferred Outflows of Resources:</b>	
Pension	5,598,893
OPEB	<u>618,323</u>
<b>Total Deferred Outflows of Resources</b>	<u>6,217,216</u>
 <b>Liabilities:</b>	
Accounts Payable	868,027
Accrued Wages and Benefits	1,777,485
Intergovernmental Payable	273,537
Due to Others	3,786
Accrued Interest Payable	14,848
Long Term Liabilities:	
Due Within One Year	1,170,507
Due in More Than One Year:	
Net Pension Liability	11,530,983
Net OPEB Liability	1,368,494
Other Amounts Due in More Than One Year	<u>6,058,407</u>
<b>Total Liabilities</b>	<u>23,066,074</u>

(Continued)



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

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	<b>Governmental Activities</b>
<b>Deferred Inflows of Resources:</b>	
Property Taxes	12,848,330
Deferred Gain on Refunding	143,793
Pension	9,159,780
OPEB	2,467,097
Total Deferred Inflows of Resources	<u>24,619,000</u>
 <b>Net Position:</b>	
Net Investment in Capital Assets	5,738,539
Restricted For:	
Capital Projects	708,011
Debt Service	1,552,448
Statutory Purposes	577,431
Federal and State Grant Programs	25,962
Unrestricted (Deficit)	<u>(3,981,882)</u>
<b>Total Net Position</b>	<u><u>\$ 4,620,509</u></u>

See accompanying notes to the basic financial statements



# HEATH CITY SCHOOL DISTRICT

## Statement of Activities For the Fiscal Year Ended June 30, 2022

			Program Revenues		Net (Expense)
					Revenue and
					Change in
					Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 11,861,518	\$ 345,358	\$ 1,032,431	\$ 0	\$ (10,483,729)
Support Services:					
Pupils	985,786	0	696,767	0	(289,019)
Instructional Staff	1,008,534	0	254,778	0	(753,756)
Board of Education	190,806	0	0	0	(190,806)
Administration	1,727,130	0	24,715	0	(1,702,415)
Fiscal Services	714,725	0	0	0	(714,725)
Business	10,044	0	0	0	(10,044)
Operation and Maintenance of Plant	1,516,664	0	0	0	(1,516,664)
Pupil Transportation	852,824	0	0	14,914	(837,910)
Central	357,395	0	7,200	0	(350,195)
Operation of Non-Instructional Services:					
Community Services	19,205	0	19,636	0	431
Food Service Operations	1,092,736	123,033	1,476,881	0	507,178
Extracurricular Activities	998,401	178,394	0	0	(820,007)
Interest and Fiscal Charges	171,720	0	0	0	(171,720)
<b>Totals</b>	<b>\$ 21,507,488</b>	<b>\$ 646,785</b>	<b>\$ 3,512,408</b>	<b>\$ 14,914</b>	<b>(17,333,381)</b>

### General Revenues

Property Taxes Levied for:	
General Purposes	10,561,802
Debt Service	1,491,674
Capital Outlay	1,327,835
Grants and Entitlements not Restricted to Specific Programs	8,715,419
Investment Earnings	(83,040)
Miscellaneous	482,331
<b>Total General Revenues</b>	<b>22,496,021</b>
Change in Net Position	5,162,640
Net Position (Deficit) Beginning of Year	(542,131)
Net Position End of Year	<b>\$ 4,620,509</b>

See accompanying notes to the basic financial statements

# HEATH CITY SCHOOL DISTRICT

## **Balance Sheet Governmental Funds June 30, 2022**

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 8,493,597	\$ 997,480	\$ 2,633,852	\$ 12,124,929
Investments	6,613,455	0	0	6,613,455
Receivables:				
Taxes	10,739,769	1,384,788	1,513,467	13,638,024
Accounts	1,936	0	13,699	15,635
Intergovernmental	15,310	0	193,131	208,441
Interfund Loan Receivable	507,137	0	0	507,137
Inventory	0	0	21,826	21,826
Prepaid Items	402,785	0	68,863	471,648
<b>Total Assets</b>	<b>\$ 26,773,989</b>	<b>\$ 2,382,268</b>	<b>\$ 4,444,838</b>	<b>\$ 33,601,095</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 172,800	\$ 397,801	\$ 297,426	\$ 868,027
Accrued Wages and Benefits	1,545,335	0	232,150	1,777,485
Intergovernmental Payable	238,137	0	35,400	273,537
Due to Others	3,786	0	0	3,786
Interfund Loans Payable	0	0	507,137	507,137
<b>Total Liabilities</b>	<b>1,960,058</b>	<b>397,801</b>	<b>1,072,113</b>	<b>3,429,972</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	10,121,680	1,304,760	1,421,890	12,848,330
Unavailable Revenue	96,269	11,788	207,598	315,655
<b>Total Deferred Inflows of Resources</b>	<b>10,217,949</b>	<b>1,316,548</b>	<b>1,629,488</b>	<b>13,163,985</b>
<b>Fund Balances:</b>				
Nonspendable	402,785	0	90,689	493,474
Restricted	0	667,919	2,153,577	2,821,496
Committed	249,847	0	0	249,847
Assigned	153,374	0	0	153,374
Unassigned (Deficit)	13,789,976	0	(501,029)	13,288,947
<b>Total Fund Balances</b>	<b>14,595,982</b>	<b>667,919</b>	<b>1,743,237</b>	<b>17,007,138</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 26,773,989</b>	<b>\$ 2,382,268</b>	<b>\$ 4,444,838</b>	<b>\$ 33,601,095</b>

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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### ***Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2022***

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<b>Total Governmental Fund Balances</b>		\$ 17,007,138
<b><i>Amounts reported for governmental activities in the statement of net position are different because</i></b>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		11,521,421
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		315,655
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	5,598,893	
Deferred Inflows - Pension	(9,159,780)	
Net Pension Liability	<u>(11,530,983)</u>	(15,091,870)
The net OPEB liability/asset is not due and payable nor available in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - OPEB	618,323	
Deferred Inflows - OPEB	(2,467,097)	
Net OPEB Asset	1,472,988	
Net OPEB Liability	<u>(1,368,494)</u>	(1,744,280)
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	(5,415,000)	
Deferred Gain on Refunding (to be amortized over life of debt)	(143,793)	
Issuance Premium (to be amortized over life of debt)	(224,092)	
Compensated Absences Payable	(1,589,822)	
Accrued Interest Payable	<u>(14,848)</u>	(7,387,555)
<b><i>Net Position (Deficit) of Governmental Activities</i></b>		<u><u>\$ 4,620,509</u></u>
See accompanying notes to the basic financial statements		

# **HEATH CITY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 10,557,314	\$ 1,327,181	\$ 1,490,847	\$ 13,375,342
Tuition	266,356	0	0	266,356
Food Services	0	0	123,033	123,033
Investment Earnings	(93,551)	16,140	1,383	(76,028)
Extracurricular Activities	0	0	178,394	178,394
Class Materials and Fees	77,487	0	0	77,487
Intergovernmental - State	8,783,658	41,895	332,088	9,157,641
Intergovernmental - Federal	0	0	3,127,331	3,127,331
All Other Revenue	375,830	16,300	91,716	483,846
<b>Total Revenues</b>	<b>19,967,094</b>	<b>1,401,516</b>	<b>5,344,792</b>	<b>26,713,402</b>
<b>Expenditures:</b>				
Current:				
Instruction	10,687,028	135,998	1,048,653	11,871,679
Supporting Services:				
Pupils	590,187	0	415,844	1,006,031
Instructional Staff	779,493	0	272,771	1,052,264
Board of Education	190,806	0	0	190,806
Administration	1,824,683	0	23,866	1,848,549
Fiscal Services	728,457	18,475	20,817	767,749
Business	10,044	0	0	10,044
Operation and Maintenance of Plant	1,554,574	0	0	1,554,574
Pupil Transportation	770,312	170,396	5,496	946,204
Central	349,109	3,414	15,637	368,160
Operation of Non-Instructional Services:				
Community Services	0	0	19,205	19,205
Food Service Operations	1,040	0	1,195,974	1,197,014
Extracurricular Activities	572,791	0	245,778	818,569
Capital Outlay	0	781,682	259,169	1,040,851
Debt Service:				
Principal Retirement	0	0	1,870,000	1,870,000
Interest and Fiscal Charges	500	0	251,987	252,487
<b>Total Expenditures</b>	<b>18,059,024</b>	<b>1,109,965</b>	<b>5,645,197</b>	<b>24,814,186</b>
Net Change in Fund Balances	1,908,070	291,551	(300,405)	1,899,216
<b>Fund Balances at Beginning of Year</b>	<b>12,687,912</b>	<b>376,368</b>	<b>2,043,642</b>	<b>15,107,922</b>
<b>Fund Balances End of Year</b>	<b>\$ 14,595,982</b>	<b>\$ 667,919</b>	<b>\$ 1,743,237</b>	<b>\$ 17,007,138</b>

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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***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, 2022***

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**Net Change in Fund Balances - Total Governmental Funds** **\$ 1,899,216**

***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. (125,881)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (43,274)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,773,145

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (262,557)

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB income/(expense) in the statement of activities. 73,783

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position. 1,870,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 7,192

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	(102,559)	
Amortization of Deferred Gain on Refunding	28,757	
Amortization of Premium on Bond Issuance	44,818	(28,984)

***Change in Net Position of Governmental Activities*** **\$ 5,162,640**

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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 10,578,333	\$ 10,567,254	\$ 10,567,254	\$ 0
Tuition	1,999,428	266,356	266,356	0
Investment Earnings	80,000	50,379	58,877	8,498
Class Material and Fees	3,700	3,700	3,476	(224)
Intergovernmental - State	7,531,289	8,773,580	8,773,629	49
All Other Revenues	148,700	291,863	293,502	1,639
Total Revenues	20,341,450	19,953,132	19,963,094	9,962
<b>Expenditures:</b>				
Current:				
Instruction	11,946,881	11,016,003	10,797,157	218,846
Support Services:				
Pupils	657,700	633,010	608,714	24,296
Instructional Staff	868,385	827,437	797,075	30,362
Board of Education	93,000	206,789	195,756	11,033
Administration	1,758,200	1,853,622	1,795,792	57,830
Fiscal Services	660,700	723,819	706,582	17,237
Business	16,700	18,900	10,044	8,856
Operation and Maintenance of Plant	1,519,900	1,597,048	1,543,575	53,473
Pupil Transportation	635,400	787,175	768,632	18,543
Central	584,900	394,109	372,320	21,789
Non-Instructional Services:				
Food Service Operations	1,100	1,100	1,040	60
Extracurricular Activities	531,900	566,431	496,674	69,757
Debt Service:				
Interest and Fiscal Charges	0	500	500	0
Total Expenditures	19,274,766	18,625,943	18,093,861	532,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,066,684	1,327,189	1,869,233	542,044

(Continued)



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## **HEATH CITY SCHOOL DISTRICT**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	1,000	535	(465)
Transfers In	0	53,736	53,736	0
Transfers Out	(96,400)	(12,500)	(12,500)	0
Advances In	197,000	197,000	197,000	0
Advances Out	0	(507,137)	(507,137)	0
Total Other Financing Sources (Uses)	<u>100,600</u>	<u>(267,901)</u>	<u>(268,366)</u>	<u>(465)</u>
Net Change in Fund Balance	1,167,284	1,059,288	1,600,867	541,579
Fund Balance at Beginning of Year	13,196,862	13,196,862	13,196,862	0
Prior Year Encumbrances	<u>7,430</u>	<u>7,430</u>	<u>7,430</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,371,576</u>	<u>\$ 14,263,580</u>	<u>\$ 14,805,159</u>	<u>\$ 541,579</u>

See accompanying notes to the basic financial statements

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 74 noncertified and approximately 127 certified teaching personnel and administrative employees providing education to 1,714 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus"* in that the statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the District's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria to be included in the District's reporting entity. The District participates in two jointly governed organizations. These organizations are the Licking Area Computer Association (LACA), which provides computer services to school districts and the State Support Team (SST11) Region 11. The Licking County Career and Technical Education Center acts as fiscal agent for LACA and the Educational Service Center of Central Ohio is the fiscal agent for SST11. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

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

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

The following fund types are used by the District:

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

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

**Permanent Improvement Fund** – This fund is used to account for financial resources to be used for the acquisition of major capital assets.

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

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## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

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

***Government-wide Financial Statements*** – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

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

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

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

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

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

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

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

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

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

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

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

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

All funds 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 2022.

##### **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, 2022

#### 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)	\$1,908,070
Increase (Decrease):	
Accrued Revenues	
at June 30, 2022,	
received during FY 2023	(1,046,203)
Accrued Revenues	
at June 30, 2021,	
received during FY 2022	741,750
Accrued Expenditures	
at June 30, 2022,	
paid during FY 2023	1,956,272
Accrued Expenditures	
at June 30, 2021,	
paid during FY 2022	(1,872,894)
FY 2022 Prepays for FY 2023	(402,785)
FY 2021 Prepays for FY 2022	230,870
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	43,761
Adjustment to Fair Value	146,978
Encumbrances Outstanding	(104,952)
Budget Basis	<u>\$1,600,867</u>

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

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

During fiscal year 2022, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and cash equivalents and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

##### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District reports its investments in federal securities, negotiable certificates of deposit, US Treasury Notes and Bills and commercial paper at fair value and its nonparticipating investment contracts (certificates of deposit) at cost which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

During 2022, 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 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

##### **H. Inventory**

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



## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022*

#### 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, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

##### **K. Long-Term Obligations**

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

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

##### **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, 2022.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

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

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

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

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

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

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

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

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

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

##### **O. Pensions/Other Postemployment Benefits (OPEB)**

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

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

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund loan receivables/payables". These amounts are eliminated from the government-wide financial statements. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Interfund services provided and used are not eliminated in the process of consolidation. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. The effect of the transfers has been eliminated from the government-wide financial statements.

##### **Q. Estimates**

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

##### **R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2022. 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 2022, the District had no extraordinary or special items.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

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

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

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

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported on the government wide statement of net position for deferred gains on refunding and deferred inflows of resources related to pensions and OPEB which are explained in Notes 10 and 11, respectively. The deferred gain on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the government-wide statement of net position and the governmental funds balance sheet report property taxes that are intended to finance future fiscal periods are reported as deferred inflows. The governmental funds balance sheet also reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, investment earnings, accounts, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

##### **U. Fair Value**

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

#### **NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases,” Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period,” Statement No. 92, “Omnibus 2020,” and Statement No. 93, “Replacement of Interbank Offered Rates.”

GASB Statement No. 87 establishes standards of accounting and financial reporting for leases.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period.

GASB Statement No. 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases.

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

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

#### NOTE 3 – FUND BALANCES

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

Fund Balances	General Fund	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$402,785	\$0	\$68,863	\$471,648
Supplies Inventory	0	0	21,826	21,826
Total Nonspendable	402,785	0	90,689	493,474
Restricted:				
Food Service Operations	0	0	502,508	502,508
Extracurricular Activities	0	0	65,131	65,131
Nonpublic Schools	0	0	339	339
Safety Training	0	0	3,922	3,922
Limited English Proficiency	0	0	544	544
Debt Service Payments	0	0	1,552,829	1,552,829
Capital Improvements	0	667,919	28,304	696,223
Total Restricted	0	667,919	2,153,577	2,821,496
Committed:				
Employee Health Insurance	249,847	0	0	249,847
Total Committed	249,847	0	0	249,847
Assigned:				
Assigned to Other Purposes	153,374	0	0	153,374
Total Assigned	153,374	0	0	153,374
Unassigned (Deficit)	13,789,976	0	(501,029)	13,288,947
Total Fund Balances	\$14,595,982	\$667,919	\$1,743,237	\$17,007,138

## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements* *For the Fiscal Year Ended June 30, 2022*

#### **NOTE 4 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

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

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

Capital Outlay	\$916,014
Depreciation Expense	(1,041,895)
	<u>(\$125,881)</u>

*Governmental revenues not reported in the funds:*

Increase in Delinquent Tax Revenue	\$5,969
Decrease in Intergovernmental Grants Receivable	(42,231)
Decrease in Interest Earnings	(7,012)
	<u>(\$43,274)</u>

*Amount of current year contractually required contributions deferred:*

Pension Contributions	\$1,727,118
OPEB Contributions	46,027
	<u>\$1,773,145</u>

*Amount of bond principal payments:*

Bond Principal Payment	\$1,870,000
	<u>\$1,870,000</u>

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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

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

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- Time certificates of deposit accounts including, but not limited to, passbook accounts;
- The State Treasury Asset Reserve of Ohio (STAR Ohio), and;
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred seventy days, respectively, in an amount not to exceed forty percent of the interim moneys available for investment at any one time.

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

#### **A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. The District has no policy on custodial credit risk and is governed by Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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

##### A. Deposits (Continued)

At year end the carrying amount of the District's deposits was \$10,956,508 and the bank balance was \$10,974,488. Federal depository insurance covered \$10,956,691 of the bank balance and \$17,797 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held in the Ohio Pooled Collateral System	\$17,797
Total Balance	\$17,797

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 2022 amounted to \$58,877. This includes \$7,545 assigned from other District funds; however, the reduction in fair value of the investments in the General Fund resulted in reporting negative investment earnings in the General Fund.

##### B. Investments

The District's investments at June 30, 2022 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3 years	3-5 years
STAR Ohio	\$1,168,421	a AAAM <sup>2</sup>	\$1,168,421	\$0	\$0
US Treasury Note	300,321	Aaa <sup>1</sup> , AA+ <sup>2</sup>	0	300,321	0
FHLB Note	54,835	Aaa <sup>1</sup> , AA+ <sup>2</sup>	0	0	54,835
FHLM Notes	491,750	Aaa <sup>1</sup> , AA+ <sup>2</sup>	0	491,750	0
US Treasury Bills	74,693	P-1 <sup>1</sup> , A-1+ <sup>2</sup>	74,693	0	0
Commercial Paper	3,605,200	P-1 <sup>1</sup>	3,605,200	0	0
Negotiable CD	2,086,656	AAA <sup>3</sup>	260,406	1,826,250	0
Total Investments	\$7,781,876		\$5,108,720	\$2,618,321	\$54,835

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

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

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

<sup>a</sup> Measured on an amortized cost basis.

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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

##### **B. Investments** (Continued)

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

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

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

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 15% are STAR Ohio, 4% are US Treasury Notes, 1% are FHLB, 6% are FHLM, 1% are US Treasury Bills, 46% are Commercial Paper and 27% are Negotiable Certificates of Deposit.

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

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

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$12,124,929	\$6,613,455
STAR Ohio	(1,168,421)	1,168,421
Per GASB Statement No. 3	<u>\$10,956,508</u>	<u>\$7,781,876</u>

## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022*

#### **NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, 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 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 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 2022 receipts were based are:

	Assessed Values for Collection in:	
	2021 First Half	2022 First Half
Agricultural/Residential and Other Real Estate	\$285,512,290	\$284,452,507
Public Utility Personal	22,460,320	27,433,120
Total Assessed Value	<u>\$307,972,610</u>	<u>\$311,885,627</u>
Tax rate per \$1,000 of assessed valuation	\$64.80	\$64.40

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 6 - PROPERTY TAXES (Continued)**

##### ***Tax Abatement***

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

As of June 30, 2022, 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 2022, 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	\$ 697,352

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 7 - RECEIVABLES**

Receivables at June 30, 2022 consisted of accounts, taxes and intergovernmental receivables. All receivables are expected to be collected within the next year.

#### **NOTE 8 - INTERFUND ACTIVITY**

##### **A. Interfund Receivables and Payables**

Following is a summary of interfund receivables and payables for all funds at June 30, 2022:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$507,137	\$0
Nonmajor Governmental Funds	0	507,137
Totals	<u>\$507,137</u>	<u>\$507,137</u>

The Interfund Loan is a short-term loan which will be paid back within the year. The primary purpose of the interfund balance is to cover costs in specific funds where revenues were not received by June 30, 2022.

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# HEATH CITY SCHOOL DISTRICT

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

### NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2022:

**Historical Cost:**

Class	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
<b>Capital Assets not being depreciated:</b>				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	0	496,659	0	496,659
Subtotal	438,952	496,659	0	935,611
<b>Capital Assets being depreciated:</b>				
Land Improvements	3,500,009	42,589	0	3,542,598
Buildings and Improvements	23,612,500	79,662	0	23,692,162
Furniture, Fixtures and Equipment	1,678,380	167,740	0	1,846,120
Vehicles	1,067,041	129,364	(7,475)	1,188,930
Subtotal	29,857,930	419,355	(7,475)	30,269,810
Total Cost	\$30,296,882	\$916,014	(\$7,475)	\$31,205,421

**Accumulated Depreciation:**

Class	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Land Improvements	(\$1,989,670)	(\$154,900)	\$0	(\$2,144,570)
Buildings and Improvements	(14,535,168)	(732,733)	0	(15,267,901)
Furniture, Fixtures and Equipment	(1,385,678)	(73,923)	0	(1,459,601)
Vehicles	(739,064)	(80,339)	7,475	(811,928)
Total Depreciation	(\$18,649,580)	(\$1,041,895) *	\$7,475	(\$19,684,000)
<b>Net Value:</b>	<b>\$11,647,302</b>			<b>\$11,521,421</b>

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

Instruction	\$488,050
Support Services:	
Pupils	21,652
Instructional Staff	23,106
Administration	43,751
Fiscal Services	1,239
Operations and Maintenance of Plant	60,226
Pupil Transportation	97,357
Central	3,418
Operation of Non-Instructional Services:	
Food Service	46,722
Extracurricular Activities	256,374
Total Depreciation Expense	<u>\$1,041,895</u>



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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 10- DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

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

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

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

#### NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

##### **B. Plan Description**

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

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14 percent. No amount was allocated to the Health Care Fund.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

The District's contractually required contribution to SERS was \$417,333 for fiscal year 2022. Of this amount, \$18,624 is reported as an Intergovernmental Payable.

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

***Funding Policy*** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2022, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2022 contribution rates were equal to the statutory maximum rates, and the full employer contribution was allocated to the pension fund.

The District's contractually required contribution to STRS was \$1,309,785 for fiscal year 2022. Of this amount \$189,948 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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# HEATH CITY SCHOOL DISTRICT

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

### NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$2,598,482	\$8,932,501	\$11,530,983
Proportion of the Net Pension Liability -2022	0.0704251%	0.0698621%	
Proportion of the Net Pension Liability -2021	0.0677899%	0.0670871%	
Percentage Change	0.0026352%	0.00277499%	
Pension Expense	\$18,761	\$243,796	\$262,557

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$251	\$275,970	\$276,221
Change of assumptions	54,718	2,478,036	2,532,754
District contributions subsequent to the measurement date	417,333	1,309,786	1,727,119
Changes in proportionate share	124,863	937,936	1,062,799
Total Deferred Outflows of Resources	\$597,165	\$5,001,728	\$5,598,893
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$67,389	\$55,988	\$123,377
Net difference between projected and actual earnings on pension plan investments	1,338,296	7,698,107	9,036,403
Total Deferred Inflows of Resources	\$1,405,685	\$7,754,095	\$9,159,780

\$1,727,119 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, 2023. 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:			
2023	(\$241,762)	(\$938,484)	(\$1,180,246)
2024	(255,120)	(780,289)	(1,035,409)
2025	(318,198)	(938,516)	(1,256,714)
2026	(410,773)	(1,404,864)	(1,815,637)
Total	(\$1,225,853)	(\$4,062,153)	(\$5,288,006)

## HEATH CITY SCHOOL DISTRICT

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022*

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#### NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

##### **D. Actuarial Assumptions**

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

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

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

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

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

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

#### NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00%	(0.33%)
US Equity	24.75%	5.72%
Non-US Equity Developed	13.50%	6.55%
Non-US Equity Emerging	6.75%	8.54%
Fixed Income/Global Bonds	19.00%	1.14%
Private Equity	11.00%	10.03%
Real Estate/Real Assets	16.00%	5.41%
Multi-Asset Strategy	4.00%	3.47%
Private Debt/Private Credit	3.00%	5.28%
Total	<u>100.00%</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

#### NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$4,323,236	\$2,598,482	\$1,143,922

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2021 actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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



## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

#### NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. 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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$16,727,232	\$8,932,501	\$2,345,971

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

***Changes Between the Measurement Date and the Reporting date*** - In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 11 - DEFINED BENEFIT OPEB PLANS**

##### **A. Net OPEB Liability (Asset)**

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

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

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

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

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

##### **B. Plan Description**

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

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

## HEATH CITY SCHOOL DISTRICT

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022*

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#### NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, 0.0 percent of covered payroll was contributed to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$52,248.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$46,027 for fiscal year 2022, which is reported as an intergovernmental payable.

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

#### NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

**Funding Policy** – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2022, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the pension and OPEB plans relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$1,368,494	(\$1,472,988)	
Proportion of the Net OPEB Liability (Asset) -2022	0.0723083%	0.0698621%	
Proportion of the Net OPEB Liability (Asset) -2021	0.0701637%	0.0670871%	
Percentage Change	0.0021446%	0.0027750%	
OPEB Expense	\$20,836	(\$94,619)	(\$73,783)

# HEATH CITY SCHOOL DISTRICT

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

### NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$14,586	\$52,448	\$67,034
Changes of assumptions	214,683	94,092	308,775
Changes in proportionate share	166,076	30,411	196,487
District contributions subsequent to the measurement date	46,027	0	46,027
Total Deferred Outflows of Resources	<u>\$441,372</u>	<u>\$176,951</u>	<u>\$618,323</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$681,570	\$269,879	\$951,449
Changes of assumptions	187,402	878,744	1,066,146
Changes in proportionate share	11,482	0	11,482
Net difference between projected and actual earnings on OPEB plan investments	29,733	408,287	438,020
Total Deferred Inflows of Resources	<u>\$910,187</u>	<u>\$1,556,910</u>	<u>\$2,467,097</u>

\$46,027 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$111,080)	(\$394,067)	(\$505,147)
2024	(111,288)	(383,848)	(495,136)
2025	(122,976)	(377,542)	(500,518)
2026	(106,446)	(168,853)	(275,299)
2027	(48,649)	(57,224)	(105,873)
Thereafter	(14,403)	1,575	(12,828)
Total	<u>(\$514,842)</u>	<u>(\$1,379,959)</u>	<u>(\$1,894,801)</u>

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

#### NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

##### D. Actuarial Assumptions

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

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.27 percent
Prior Measurement Date	2.63 percent
Medical Trend Assumption	
Medicare - Measurement Date	5.125 to 4.40 percent
Pre-Medicare - Measurement Date	6.75 to 4.40 percent
Medicare - Prior Measurement Date	5.25 to 4.75 percent
Pre-Medicare - Prior Measurement Date	7.00 to 4.75 percent

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

#### NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00%	(0.33%)
US Equity	24.75%	5.72%
Non-US Equity Developed	13.50%	6.55%
Non-US Equity Emerging	6.75%	8.54%
Fixed Income/Global Bonds	19.00%	1.14%
Private Equity	11.00%	10.03%
Real Estate/Real Assets	16.00%	5.41%
Multi-Asset Strategy	4.00%	3.47%
Private Debt/Private Credit	3.00%	5.28%
Total	<u>100.00%</u>	



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## HEATH CITY SCHOOL DISTRICT

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022*

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#### NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27%. The discount rate used to measure the total OPEB liability prior to June 30, 2021, was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rates** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$1,695,729	\$1,368,494	\$1,107,075

	1% Decrease (5.75% Decreasing to 3.40%)	Current Trend Rate (6.75% Decreasing to 4.40%)	1% Increase (7.75% Decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,053,628	\$1,368,494	\$1,789,058

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## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0.00%
Discount Rate of Return	7.00%
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	(16.18%) initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	29.98% initial, 4% ultimate

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

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements* *For the Fiscal Year Ended June 30, 2022*

#### NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00% was used to measure the total OPEB liability as of June 30, 2021.

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## HEATH CITY SCHOOL DISTRICT

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022*

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#### NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB liability (asset)	(\$1,242,972)	(\$1,472,988)	(\$1,665,128)

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
School District's proportionate share of the net OPEB liability (asset)	(\$1,657,342)	(\$1,472,988)	(\$1,245,012)

***Changes Between the Measurement Date and the Reporting date*** - In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

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## **HEATH CITY SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

#### **NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

The original amounts of the General Obligation Bonds Payable used to finance the cost of various building renovations and the cost of building a new high school and other building additions were \$993,350 and \$16,247,718. The original amount of the 2005 refunding, \$9,999,987, was used to refund the \$16,247,718 bond. The 2015 refunding of \$7,340,000 was used to partially refund the 2005 refunding. All refunded bonds have \$0 outstanding balance at June 30, 2022 because they have been called.

Detail of the changes in the bonds and compensated absences of the District for the year ended June 30, 2022 is as follows:

		Balance June 30, 2021	Issued	Retired	Balance June 30, 2022	Due Within One Year
<b>Governmental Activities:</b>						
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	\$895,000	\$0	(\$895,000)	\$0	\$0
School Improvement Bonds-Refunding-2015	2-4%	6,390,000	0	(975,000)	5,415,000	1,010,000
Subtotal General Obligation Bonds Payable		7,285,000	0	(1,870,000)	5,415,000	1,010,000
Premium on Refunding Bonds		268,910	0	(44,818)	224,092	0
Total General Obligation Bonds Payable		7,553,910	0	(1,914,818)	5,639,092	1,010,000
Compensated Absences		1,487,263	1,589,822	(1,487,263)	1,589,822	160,507
Total Governmental Activities		\$9,041,173	\$1,589,822	(\$3,402,081)	\$7,228,914	\$1,170,507

#### **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, 2022, follows:

Years	General Obligation Bonds Payable	
	Principal	Interest
2023	\$1,010,000	\$157,975
2024	1,050,000	119,213
2025	1,085,000	84,375
2026	1,120,000	51,300
2027	1,150,000	17,250
Totals	\$5,415,000	\$430,113

## **HEATH CITY SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2022 the District contracted with the Ohio School Plan (the "Plan") for various insurance coverages, which is in turn reinsured by a number of reinsurance companies. The Plan is (established per ORC § 2744.081) an unincorporated, nonprofit association of its members and an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs, and other administrative services. Pursuant to ORC § 2744.081, the Plan is deemed a separate legal entity for the purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan include public school districts, educational service centers, joint vocational schools, centers of government, boards of developmental disabilities, and community colleges in the state of Ohio which are eligible to participate under applicable statute, ruling, or law subject to certain underwriting standards as deemed appropriate by the Plan and its administrator. The Plan had 303 participating members as of December 31, 2021. Likewise through the Ohio School Plan the District was a member of a cyber risk insurance pool with other school districts.

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

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 14 – STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts for capital acquisition into a reserve. Reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2022, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2021	\$0
Current Year Additions	321,542
Current Year Disbursements	<u>(321,542)</u>
Totals	<u>\$0</u>
Balance Carried Forward to FY2023	<u>\$0</u>

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

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

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

*Licking Area Computer Association* - The District is a participant in the Licking Area Computer Association (LACA) which is a computer council of governments. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of nineteen members made up of the nineteen district superintendents or their designees. The District paid LACA \$294,516 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Streby, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.



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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

##### **B. State Support Team Region 11**

The District participates in the State Support Team (SST11) Region 11, a jointly governed organization consisting of educational entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The purpose of the SST11 is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The SST11 is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the SST11, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Educational Service Center of Central Ohio, Citygate Business Park, 2080 Citygate Drive, Columbus, OH, 43219.

#### **NOTE 16 – CONTINGENCIES**

##### **A. Grants**

The District receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2022, 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, 2022.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022***

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#### **NOTE 17 – OTHER COMMITMENTS**

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

Governmental Funds:	
General Fund	\$104,952
Other Governmental Funds	<u>926,876</u>
Total Governmental Funds	<u><u>\$1,031,828</u></u>

#### **NOTE 18 - COMPLIANCE AND ACCOUNTABILITY**

Fund Deficits - The fund deficits at June 30, 2022 of \$250,338 in the Elementary and Secondary School Emergency Relief Fund, \$83,428 in the Title VI-B Fund, \$50,973 in the Title I Fund, \$14,000 in the Drug Free School Grant Fund, \$4,500 in the Improving Teacher Quality Fund and \$55,389 in the Other Federal Grants Fund (special revenue funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

#### **NOTE 19 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

***HEATH CITY SCHOOL DISTRICT***

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***REQUIRED SUPPLEMENTARY INFORMATION***

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## **HEATH CITY SCHOOL DISTRICT**

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

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**State Teachers Retirement System**

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

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

**School Employees Retirement System**

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

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

Notes: The District implemented GASB Statement 68 in 2015.

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

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

See accompanying notes to the required supplementary information

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

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<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
0.06160468%	0.06196745%	0.06307086%	0.06481946%	0.06708714%	0.06986213%
\$20,620,943	\$14,720,501	\$13,867,866	\$14,334,434	\$16,232,701	\$8,932,501
\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543	\$7,996,893	\$8,663,329
311.26%	218.30%	191.48%	189.32%	202.99%	103.11%
66.80%	75.30%	77.30%	77.40%	75.48%	87.78%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
0.06282560%	0.06279870%	0.06748890%	0.06594270%	0.06778990%	0.07042510%
\$4,598,254	\$3,752,084	\$3,865,214	\$3,945,467	\$4,483,767	\$2,598,482
\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059	\$2,289,671	\$2,388,679
235.67%	179.76%	181.66%	177.16%	195.83%	108.78%
62.98%	69.50%	71.36%	70.85%	68.55%	82.86%

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## **HEATH CITY SCHOOL DISTRICT**

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

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**State Teachers Retirement System**

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

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

**School Employees Retirement System**

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

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

Notes: The District implemented GASB Statement 68 in 2015.

See accompanying notes to the required supplementary information

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***HEATH CITY SCHOOL DISTRICT***

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<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$927,513	\$944,064	\$1,013,919	\$1,060,016	\$1,119,565	\$1,212,866	\$1,309,785
<u>927,513</u>	<u>944,064</u>	<u>1,013,919</u>	<u>1,060,016</u>	<u>1,119,565</u>	<u>1,212,866</u>	<u>1,309,785</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543	\$7,996,893	\$8,663,329	\$9,355,607
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$273,158	\$292,213	\$287,240	\$300,653	\$320,554	\$334,415	\$417,333
<u>273,158</u>	<u>292,213</u>	<u>287,240</u>	<u>300,653</u>	<u>320,554</u>	<u>334,415</u>	<u>417,333</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059	\$2,289,671	\$2,388,679	\$2,980,950
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%

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## **HEATH CITY SCHOOL DISTRICT**

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### ***Required Supplementary Information***

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

##### ***Last Six Fiscal Years***

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#### **State Teachers Retirement System**

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

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

#### **School Employees Retirement System**

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

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

Notes: The District implemented GASB Statement 75 in 2018.

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

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

See accompanying notes to the required supplementary information



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

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

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

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## **HEATH CITY SCHOOL DISTRICT**

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

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**State Teachers Retirement System**

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

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

**School Employees Retirement System**

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

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

Notes: The District implemented GASB Statement 75 in 2018.

See accompanying notes to the required supplementary information

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***HEATH CITY SCHOOL DISTRICT***

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<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543	\$7,996,893	\$8,663,329	\$9,355,607
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$29,156	\$31,528	\$45,529	\$51,063	\$44,215	\$45,024	\$46,027
<u>29,156</u>	<u>31,528</u>	<u>45,529</u>	<u>51,063</u>	<u>44,215</u>	<u>45,024</u>	<u>46,027</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059	\$2,289,671	\$2,388,679	\$2,980,950
1.49%	1.51%	2.14%	2.29%	1.93%	1.88%	1.54%

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

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2022***

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#### **NET PENSION LIABILITY**

##### **SERS**

*Changes in benefit terms* – For fiscal years 2022 through 2019, there were no changes to benefit terms. For fiscal year 2018, the following were the most significant changes in benefits that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2021.

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

##### *Changes in assumptions*

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

- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll growth assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%
- The discount rate was reduced from 7.50% to 7.00%
- Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.
- Mortality among service retired members was updated to the following:
  - PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
  - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.
- Mortality among disabled members was updated to the following:
  - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.

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

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2022***

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#### **NET PENSION LIABILITY** (Continued)

##### **SERS** (Continued)

For fiscal years 2022, 2021, and 2019 there were no changes in assumptions.

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

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

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

##### **STRS**

*Changes in benefit terms* – For fiscal years 2022 through 2019, there were no changes to benefit terms. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2015 through 2017.

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

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

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

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

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2022***

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#### **NET OPEB LIABILITY (ASSET)**

##### **SERS**

*Changes in benefit terms* – There were no changes to benefit terms for fiscal years 2022 - 2018.

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

- The discount rate was changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience
- Mortality among active members was updated to the following:
  - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
  - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
  - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- Mortality among disabled member was updated to the following:
  - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2021.

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

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2022***

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#### **NET OPEB LIABILITY (ASSET)** (Continued)

##### **SERS** (Continued)

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

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

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

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2019 – 5.375 to 4.75 percent, 2021 – 5.25 to 4.75 percent
  - Pre-Medicare – 2019 – 7.25 to 4.75 percent, 2021 – 7.00 to 4.75

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

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

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

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

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

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2022***

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#### **NET OPEB LIABILITY (ASSET)** (Continued)

##### **SERS** (Continued)

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

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

##### **STRS**

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

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

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

- The non-Medicare subsidy percentage was increased effective January 1, 2022 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare subsidy percentages were adjusted effective January 1, 2022 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

- The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2022 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2022.



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

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2022***

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#### **NET OPEB LIABILITY (ASSET)** (Continued)

##### **STRS** (Continued)

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

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2021, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.

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

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

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

*Changes in assumptions* – In fiscal year 2022 the investment return was lowered from 7.45 percent to 7.00 percent.

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

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

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

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2022***

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#### **NET OPEB LIABILITY (ASSET)** (Continued)

##### **STRS** (Continued)

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

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

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

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

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

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

There were no changes in assumptions for fiscal year 2017.

***HEATH CITY SCHOOL DISTRICT***

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

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

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

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### ***Nonmajor Governmental Funds***

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

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

##### **Food Service Fund**

To record financial transactions associated with food service operations.

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

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

##### **Rotary Fund**

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

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

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

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

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

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

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

##### **Auxiliary Services Fund**

To account for monies which provide services and materials to pupils attending non-public schools within the District.

##### **Data Communications Fund**

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

(Continued)

# ***HEATH CITY SCHOOL DISTRICT***

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## ***Nonmajor Governmental Funds***

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### ***Special Revenue Funds (continued)***

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#### **Student Wellness and Success Fund**

To account for monies received to assist the District to plan and launch health and wellness services to meet the needs of student wellness initiatives. The Balance Sheet is not presented because there are no assets or liabilities at fiscal year end.)

#### **Other State Grants Fund**

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

#### **Elementary and Secondary School Emergency Relief Fund**

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

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

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

#### **Title III Limited English Proficiency Fund**

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

#### **Title I Fund**

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

#### **Drug Free School Grant Fund**

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

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

To account for federal monies received which are used to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end

#### **Other Federal Grants Fund**

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

(Continued)

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

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### ***Nonmajor Governmental Fund***

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#### ***Capital Projects Fund***

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

##### **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, 2022**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,129,829	\$ 1,475,719	\$ 28,304	\$ 2,633,852
Receivables:				
Taxes	0	1,513,467	0	1,513,467
Accounts	13,699	0	0	13,699
Intergovernmental	193,131	0	0	193,131
Inventory	21,826	0	0	21,826
Prepaid Items	68,863	0	0	68,863
<b>Total Assets</b>	<u>\$ 1,427,348</u>	<u>\$ 2,989,186</u>	<u>\$ 28,304</u>	<u>\$ 4,444,838</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 297,426	\$ 0	\$ 0	\$ 297,426
Accrued Wages and Benefits	232,150	0	0	232,150
Intergovernmental Payable	35,400	0	0	35,400
Interfund Loans Payable	507,137	0	0	507,137
<b>Total Liabilities</b>	<u>1,072,113</u>	<u>0</u>	<u>0</u>	<u>1,072,113</u>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	0	1,421,890	0	1,421,890
Unavailable Revenue	193,131	14,467	0	207,598
<b>Total Deferred Inflows of Resources</b>	<u>193,131</u>	<u>1,436,357</u>	<u>0</u>	<u>1,629,488</u>
<b>Fund Balances:</b>				
Nonspendable	90,689	0	0	90,689
Restricted	572,444	1,552,829	28,304	2,153,577
Unassigned	(501,029)	0	0	(501,029)
<b>Total Fund Balances</b>	<u>162,104</u>	<u>1,552,829</u>	<u>28,304</u>	<u>1,743,237</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 1,427,348</u>	<u>\$ 2,989,186</u>	<u>\$ 28,304</u>	<u>\$ 4,444,838</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, 2022***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 0	\$ 1,490,847	\$ 0	\$ 1,490,847
Food Services	123,033	0	0	123,033
Investment Earnings	199	0	1,184	1,383
Extracurricular Activities	178,394	0	0	178,394
Intergovernmental - State	84,033	248,055	0	332,088
Intergovernmental - Federal	3,127,331	0	0	3,127,331
All Other Revenue	91,716	0	0	91,716
<b>Total Revenue</b>	<b>3,604,706</b>	<b>1,738,902</b>	<b>1,184</b>	<b>5,344,792</b>
<b>Expenditures:</b>				
Current:				
Instruction	1,048,653	0	0	1,048,653
Supporting Services:				
Pupils	415,844	0	0	415,844
Instructional Staff	272,771	0	0	272,771
Administration	23,866	0	0	23,866
Fiscal Services	0	20,817	0	20,817
Pupil Transportation	5,496	0	0	5,496
Central	15,637	0	0	15,637
Operation of Non-Instructional Services:				
Community Services	19,205	0	0	19,205
Food Service Operations	1,195,974	0	0	1,195,974
Extracurricular Activities	245,778	0	0	245,778
Capital Outlay	259,169	0	0	259,169
Principal Retirement	0	1,870,000	0	1,870,000
Interest and Fiscal Charges	0	251,987	0	251,987
<b>Total Expenditures</b>	<b>3,502,393</b>	<b>2,142,804</b>	<b>0</b>	<b>5,645,197</b>
Net Change in Fund Balance	102,313	(403,902)	1,184	(300,405)
<b>Fund Balances at Beginning of Year</b>	<b>59,791</b>	<b>1,956,731</b>	<b>27,120</b>	<b>2,043,642</b>
<b>Fund Balances End of Year</b>	<b>\$ 162,104</b>	<b>\$ 1,552,829</b>	<b>\$ 28,304</b>	<b>\$ 1,743,237</b>



# HEATH CITY SCHOOL DISTRICT

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2022**

	Food Service	Student Managed Activity	District Managed Student Activity	Auxiliary Services
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 609,788	\$ 56,198	\$ 42,256	\$ 2,339
Receivables:				
Accounts	11,529	0	2,170	0
Intergovernmental	0	0	0	0
Inventory	21,826	0	0	0
Prepaid Items	10,462	0	0	0
<b>Total Assets</b>	<u>\$ 653,605</u>	<u>\$ 56,198</u>	<u>\$ 44,426</u>	<u>\$ 2,339</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 51,527	\$ 4,625	\$ 30,009	\$ 2,000
Accrued Wages and Benefits	54,935	0	744	0
Intergovernmental Payable	12,347	0	115	0
Interfund Loans Payable	0	0	0	0
<b>Total Liabilities</b>	<u>118,809</u>	<u>4,625</u>	<u>30,868</u>	<u>2,000</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>				
Nonspendable	32,288	0	0	0
Restricted	502,508	51,573	13,558	339
Unassigned	0	0	0	0
<b>Total Fund Balances (Deficit)</b>	<u>534,796</u>	<u>51,573</u>	<u>13,558</u>	<u>339</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 653,605</u>	<u>\$ 56,198</u>	<u>\$ 44,426</u>	<u>\$ 2,339</u>

(Continued)

## HEATH CITY SCHOOL DISTRICT

### Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2022

	Other State Grants	Elementary and Secondary School Emergency Relief	Title VI-B	Title III Limited English Proficiency
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 32,776	\$ 343,232	\$ 2,071	\$ 1,744
Receivables:				
Accounts	0	0	0	0
Intergovernmental	5,496	27,529	57,984	0
Inventory	0	0	0	0
Prepaid Items	16,000	34,057	6,456	0
<b>Total Assets</b>	<u>\$ 54,272</u>	<u>\$ 404,818</u>	<u>\$ 66,511</u>	<u>\$ 1,744</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 5,496	\$ 188,569	\$ 0	\$ 1,200
Accrued Wages and Benefits	0	60,319	48,673	0
Intergovernmental Payable	0	7,977	6,812	0
Interfund Loans Payable	23,358	370,762	36,470	0
<b>Total Liabilities</b>	<u>28,854</u>	<u>627,627</u>	<u>91,955</u>	<u>1,200</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	5,496	27,529	57,984	0
<b>Total Deferred Inflows of Resources</b>	<u>5,496</u>	<u>27,529</u>	<u>57,984</u>	<u>0</u>
<b>Fund Balances:</b>				
Nonspendable	16,000	34,057	6,456	0
Restricted	3,922	0	0	544
Unassigned	0	(284,395)	(89,884)	0
<b>Total Fund Balances (Deficit)</b>	<u>19,922</u>	<u>(250,338)</u>	<u>(83,428)</u>	<u>544</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 54,272</u>	<u>\$ 404,818</u>	<u>\$ 66,511</u>	<u>\$ 1,744</u>

# **HEATH CITY SCHOOL DISTRICT**

Title I	Drug Free Grant	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 14,000	\$ 0	\$ 25,425	\$ 1,129,829
0	0	0	0	13,699
50,615	14,000	4,500	33,007	193,131
0	0	0	0	21,826
0	0	0	1,888	68,863
<u>\$ 50,615</u>	<u>\$ 28,000</u>	<u>\$ 4,500</u>	<u>\$ 60,320</u>	<u>\$ 1,427,348</u>
\$ 0	\$ 14,000	\$ 0	\$ 0	\$ 297,426
33,657	0	0	33,822	232,150
488	0	0	7,661	35,400
16,828	14,000	4,500	41,219	507,137
<u>50,973</u>	<u>28,000</u>	<u>4,500</u>	<u>82,702</u>	<u>1,072,113</u>
<u>50,615</u>	<u>14,000</u>	<u>4,500</u>	<u>33,007</u>	<u>193,131</u>
<u>50,615</u>	<u>14,000</u>	<u>4,500</u>	<u>33,007</u>	<u>193,131</u>
0	0	0	1,888	90,689
0	0	0	0	572,444
<u>(50,973)</u>	<u>(14,000)</u>	<u>(4,500)</u>	<u>(57,277)</u>	<u>(501,029)</u>
<u>(50,973)</u>	<u>(14,000)</u>	<u>(4,500)</u>	<u>(55,389)</u>	<u>162,104</u>
<u>\$ 50,615</u>	<u>\$ 28,000</u>	<u>\$ 4,500</u>	<u>\$ 60,320</u>	<u>\$ 1,427,348</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, 2022***

	Food Service	Student Managed Activity	District Managed Student Activity	Auxiliary Services
<b>Revenues:</b>				
Local Sources:				
Food Services	\$ 123,033	\$ 0	\$ 0	\$ 0
Investment Earnings	183	0	16	0
Extracurricular Activities	0	37,431	140,963	0
Intergovernmental - State	49,581	0	0	17,834
Intergovernmental - Federal	1,427,300	0	0	0
All Other Revenue	64,656	836	25,396	0
<b>Total Revenue</b>	<u>1,664,753</u>	<u>38,267</u>	<u>166,375</u>	<u>17,834</u>
<b>Expenditures:</b>				
Current:				
Instruction	0	0	0	0
Supporting Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Community Services	0	0	0	17,495
Food Service Operations	1,195,974	0	0	0
Extracurricular Activities	0	40,862	204,916	0
Capital Outlay	0	0	0	0
<b>Total Expenditures</b>	<u>1,195,974</u>	<u>40,862</u>	<u>204,916</u>	<u>17,495</u>
Net Change in Fund Balance	468,779	(2,595)	(38,541)	339
<b>Fund Balances (Deficits) at Beginning of Year</b>	66,017	54,168	52,099	0
<b>Fund Balances (Deficits) End of Year</b>	<u><u>\$ 534,796</u></u>	<u><u>\$ 51,573</u></u>	<u><u>\$ 13,558</u></u>	<u><u>\$ 339</u></u>

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

<u>Data Communication</u>	<u>Student Wellness and Success</u>	<u>Other State Grants</u>	<u>Elementary and Secondary School Emergency Relief</u>	<u>Title VI-B</u>	<u>Title III Limited English Proficiency</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
7,200	0	9,418	0	0	0
0	0	0	819,770	338,316	0
0	0	0	0	0	828
<u>7,200</u>	<u>0</u>	<u>9,418</u>	<u>819,770</u>	<u>338,316</u>	<u>828</u>
0	0	0	486,102	221,551	1,200
0	158,861	0	95,822	137,268	0
0	0	0	0	0	0
0	0	0	0	23,866	0
0	0	5,496	0	0	0
7,637	0	8,000	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	259,169	0	0
<u>7,637</u>	<u>158,861</u>	<u>13,496</u>	<u>841,093</u>	<u>382,685</u>	<u>1,200</u>
(437)	(158,861)	(4,078)	(21,323)	(44,369)	(372)
437	158,861	24,000	(229,015)	(39,059)	916
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,922</u>	<u>\$ (250,338)</u>	<u>\$ (83,428)</u>	<u>\$ 544</u>

(Continued)

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## **HEATH CITY SCHOOL DISTRICT**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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	Title I	Drug Free Grant	Improving Teacher Quality	Other Federal Grants
<b>Revenues:</b>				
Local Sources:				
Food Services	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	0	0
Extracurricular Activities	0	0	0	0
Intergovernmental - State	0	0	0	0
Intergovernmental - Federal	169,992	3,450	42,097	326,406
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<u>169,992</u>	<u>3,450</u>	<u>42,097</u>	<u>326,406</u>
<b>Expenditures:</b>				
Current:				
Instruction	207,638	0	0	132,162
Supporting Services:				
Pupils	0	17,450	0	6,443
Instructional Staff	0	0	46,597	226,174
Administration	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Community Services	1,710	0	0	0
Food Service Operations	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<b>Total Expenditures</b>	<u>209,348</u>	<u>17,450</u>	<u>46,597</u>	<u>364,779</u>
Net Change in Fund Balance	(39,356)	(14,000)	(4,500)	(38,373)
<b>Fund Balances (Deficits) at Beginning of Year</b>	<u>(11,617)</u>	<u>0</u>	<u>0</u>	<u>(17,016)</u>
<b>Fund Balances (Deficits) End of Year</b>	<u><u>\$ (50,973)</u></u>	<u><u>\$ (14,000)</u></u>	<u><u>\$ (4,500)</u></u>	<u><u>\$ (55,389)</u></u>

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

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### Total Nonmajor Special Revenue Funds

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\$	123,033
	199
	178,394
	84,033
	3,127,331
	91,716
	<hr/>
	3,604,706
	<hr/>

1,048,653

415,844

272,771

23,866

5,496

15,637

19,205

1,195,974

245,778

259,169

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3,502,393

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102,313

59,791

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\$ 162,104

## **HEATH CITY SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Capital Projects Fund – Permanent Improvement Fund  
For the Fiscal Year Ended June 30, 2022***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 1,327,830	\$ 1,327,731	\$ (99)
Investment Earnings	18,674	17,029	(1,645)
Intergovernmental - State	42,610	41,895	(715)
All Other Revenues	16,300	16,300	0
Total Revenues	<u>1,405,414</u>	<u>1,402,955</u>	<u>(2,459)</u>
<b>Expenditures:</b>			
Current:			
Instruction	139,900	135,840	4,060
Support Services:			
Fiscal Services	18,887	18,475	412
Pupil Transportation	298,316	170,396	127,920
Central	3,400	3,365	35
Capital Outlay	1,022,278	947,835	74,443
Total Expenditures	<u>1,482,781</u>	<u>1,275,911</u>	<u>206,870</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,367)	127,044	204,411
Fund Balance at Beginning of Year	288,038	288,038	0
Prior Year Encumbrances	58,776	58,776	0
Fund Balance at End of Year	<u>\$ 269,447</u>	<u>\$ 473,858</u>	<u>\$ 204,411</u>



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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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FOOD SERVICE FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Food Services	\$ 122,166	\$ 133,380	\$ 11,214
Investment Earnings	150	183	33
Intergovernmental - State	49,581	49,581	0
Intergovernmental - Federal	1,350,959	1,350,959	0
All Other Revenues	53,127	53,127	0
Total Revenues	<u>1,575,983</u>	<u>1,587,230</u>	<u>11,247</u>
<b>Expenditures:</b>			
Current:			
Non-Instructional Services:			
Food Services	1,127,195	1,105,621	21,574
Total Expenditures	<u>1,127,195</u>	<u>1,105,621</u>	<u>21,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	448,788	481,609	32,821
Fund Balance at Beginning of Year	128,179	128,179	0
Fund Balance at End of Year	<u>\$ 576,967</u>	<u>\$ 609,788</u>	<u>\$ 32,821</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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UNIFORM SCHOOL SUPPLY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Class Material and Fees	\$ 71,863	\$ 74,011	\$ 2,148
Total Revenues	<u>71,863</u>	<u>74,011</u>	<u>2,148</u>
<b>Expenditures:</b>			
Current:			
Instruction	80,511	67,142	13,369
Support Services:			
Central	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>80,511</u>	<u>67,142</u>	<u>13,369</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,648)	6,869	15,517
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>12,500</u>	<u>12,500</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>12,500</u>	<u>12,500</u>	<u>0</u>
Net Change in Fund Balance	3,852	19,369	15,517
Fund Balance at Beginning of Year	<u>64,518</u>	<u>64,518</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 68,370</u>	<u>\$ 83,887</u>	<u>\$ 15,517</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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<b>ROTARY FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Investment Earnings	\$      50	\$      0	\$     (50)
All Other Revenues	<u>     3,800</u>	<u>     3,650</u>	<u>     (150)</u>
Total Revenues	<u>     3,850</u>	<u>     3,650</u>	<u>     (200)</u>
<b>Expenditures:</b>			
Current:			
Instruction	<u>     4,600</u>	<u>     3,650</u>	<u>      950</u>
Total Expenditures	<u>     4,600</u>	<u>     3,650</u>	<u>      950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(750)	0	750
Fund Balance at Beginning of Year	<u>     9,118</u>	<u>     9,118</u>	<u>      0</u>
Fund Balance at End of Year	<u><u>     8,368</u></u>	<u><u>     9,118</u></u>	<u><u>      750</u></u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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<b>PUBLIC SCHOOL SUPPORT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Investment Earnings	\$ 100	\$ 0	\$ (100)
All Other Revenues	<u>79,307</u>	<u>78,324</u>	<u>(983)</u>
Total Revenues	<u>79,407</u>	<u>78,324</u>	<u>(1,083)</u>
<b>Expenditures:</b>			
Current:			
Instruction	8,801	6,548	2,253
Support Services:			
Pupils	2,305	139	2,166
Instructional Staff	1,572	1,572	0
Administration	12,121	9,662	2,459
Central	5,400	3,664	1,736
Extracurricular Activities	71,087	66,979	4,108
Capital Outlay	<u>29</u>	<u>0</u>	<u>29</u>
Total Expenditures	<u>101,315</u>	<u>88,564</u>	<u>12,751</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(21,908)	(10,240)	11,668
<b>Other Financing Sources (Uses):</b>			
Transfers Out	<u>(53,736)</u>	<u>(53,736)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(53,736)</u>	<u>(53,736)</u>	<u>0</u>
Net Change in Fund Balance	(75,644)	(63,976)	11,668
Fund Balance at Beginning of Year	<u>204,534</u>	<u>204,534</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 128,890</u>	<u>\$ 140,558</u>	<u>\$ 11,668</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, 2022***

<b>STUDENT MANAGED ACTIVITY FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Investment Earnings	\$ 1,050	\$ 0	\$ (1,050)
Extracurricular Activities	39,055	37,431	(1,624)
All Other Revenues	<u>1,216</u>	<u>836</u>	<u>(380)</u>
Total Revenues	<u>41,321</u>	<u>38,267</u>	<u>(3,054)</u>
<b>Expenditures:</b>			
Current:			
Extracurricular Activities	<u>56,483</u>	<u>36,237</u>	<u>20,246</u>
Total Expenditures	<u>56,483</u>	<u>36,237</u>	<u>20,246</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,162)	2,030	17,192
<b>Other Financing Sources (Uses):</b>			
Transfers In	2,990	0	(2,990)
Transfers Out	<u>(2,990)</u>	<u>0</u>	<u>2,990</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(15,162)	2,030	17,192
Fund Balance at Beginning of Year	<u>54,168</u>	<u>54,168</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 39,006</u></u>	<u><u>\$ 56,198</u></u>	<u><u>\$ 17,192</u></u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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DISTRICT MANAGED ACTIVITY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Investment Earnings	\$ 150	\$ 16	\$ (134)
Extracurricular Activities	138,963	138,963	0
All Other Revenues	25,228	25,226	(2)
Total Revenues	<u>164,341</u>	<u>164,205</u>	<u>(136)</u>
<b>Expenditures:</b>			
Current:			
Extracurricular Activities	<u>194,596</u>	<u>182,416</u>	<u>12,180</u>
Total Expenditures	<u>194,596</u>	<u>182,416</u>	<u>12,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,255)	(18,211)	12,044
Fund Balance at Beginning of Year	<u>60,467</u>	<u>60,467</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 30,212</u>	<u>\$ 42,256</u>	<u>\$ 12,044</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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<b>AUXILIARY SERVICES FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - State	\$ 17,834	\$ 17,834	\$ 0
Total Revenues	<u>17,834</u>	<u>17,834</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Non-Instructional Services:			
Community Services	17,834	15,495	2,339
Total Expenditures	<u>17,834</u>	<u>15,495</u>	<u>2,339</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,339	2,339
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 2,339</u>	<u>\$ 2,339</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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### **DATA COMMUNICATIONS FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	<u>7,200</u>	<u>7,200</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Support Services:			
Central	7,637	7,637	0
Total Expenditures	<u>7,637</u>	<u>7,637</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(437)	(437)	0
Fund Balance at Beginning of Year	437	437	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



## HEATH CITY SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022*

### STUDENT WELLNESS AND SUCCESS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Current:			
Support Services:			
Pupils	187,829	187,829	0
Total Expenditures	187,829	187,829	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,829)	(187,829)	0
Fund Balance at Beginning of Year	187,829	187,829	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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OTHER STATE GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 9,418	\$ 9,418	\$ 0
Total Revenues	9,418	9,418	0
<b>Expenditures:</b>			
Current:			
Support Services:			
Pupil Transportation	23,376	23,358	18
Total Expenditures	23,376	23,358	18
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,958)	(13,940)	18
<b>Other Financing Sources (Uses):</b>			
Advances In	23,358	23,358	0
Total Other Financing Sources (Uses)	23,358	23,358	0
Net Change in Fund Balance	9,400	9,418	18
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 9,400	\$ 9,418	\$ 18

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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### **ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 829,454	\$ 829,454	\$ 0
Total Revenues	<u>829,454</u>	<u>829,454</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Instruction	482,733	481,418	1,315
Support Services:			
Pupils	119,951	119,484	467
Capital Outlay	444,713	444,713	0
Total Expenditures	<u>1,047,397</u>	<u>1,045,615</u>	<u>1,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(217,943)	(216,161)	1,782
<b>Other Financing Sources (Uses):</b>			
Advances In	370,762	370,762	0
Advances Out	(154,000)	(154,000)	0
Total Other Financing Sources (Uses)	<u>216,762</u>	<u>216,762</u>	<u>0</u>
Net Change in Fund Balance	(1,181)	601	1,782
Fund Balance at Beginning of Year	1,181	1,181	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,782</u>	<u>\$ 1,782</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 361,362	\$ 361,362	\$ 0
Total Revenues	<u>361,362</u>	<u>361,362</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Instruction	225,498	224,207	1,291
Support Services:			
Pupils	126,894	126,231	663
Administration	<u>22,394</u>	<u>22,277</u>	<u>117</u>
Total Expenditures	<u>374,786</u>	<u>372,715</u>	<u>2,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,424)	(11,353)	2,071
<b>Other Financing Sources (Uses):</b>			
Advances In	36,470	36,470	0
Advances Out	<u>(29,000)</u>	<u>(29,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>7,470</u>	<u>7,470</u>	<u>0</u>
Net Change in Fund Balance	(5,954)	(3,883)	2,071
Fund Balance at Beginning of Year	<u>5,954</u>	<u>5,954</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 2,071</u>	<u>\$ 2,071</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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### **TITLE III LIMITED ENGLISH PROFICIENCY FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
All Other Revenues	\$ 0	\$ 540	\$ 540
Total Revenues	<u>0</u>	<u>540</u>	<u>540</u>
<b>Expenditures:</b>			
Current:			
Instruction	1,204	0	1,204
Total Expenditures	<u>1,204</u>	<u>0</u>	<u>1,204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,204)	540	1,744
Fund Balance at Beginning of Year	881	881	0
Prior Year Encumbrances	323	323	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,744</u>	<u>\$ 1,744</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

---

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 179,902	\$ 179,902	\$ 0
Total Revenues	179,902	179,902	0
<b>Expenditures:</b>			
Current:			
Instruction	185,111	185,111	0
Non-Instructional Services:			
Community Services	1,710	1,710	0
Total Expenditures	186,821	186,821	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,919)	(6,919)	0
<b>Other Financing Sources (Uses):</b>			
Advances In	16,828	16,828	0
Advances Out	(12,000)	(12,000)	0
Total Other Financing Sources (Uses)	4,828	4,828	0
Net Change in Fund Balance	(2,091)	(2,091)	0
Fund Balance at Beginning of Year	2,091	2,091	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

---

<b>DRUG FREE SCHOOL GRANT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 3,450	\$ 3,450	\$ 0
Total Revenues	<u>3,450</u>	<u>3,450</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Support Services:			
Pupils	17,450	17,450	0
Total Expenditures	<u>17,450</u>	<u>17,450</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000)	(14,000)	0
<b>Other Financing Sources (Uses):</b>			
Advances In	14,000	14,000	0
Total Other Financing Sources (Uses)	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

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<b>IMPROVING TEACHER QUALITY FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 42,097	\$ 42,097	\$ 0
Total Revenues	<u>42,097</u>	<u>42,097</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Support Services:			
Instructional Staff	46,597	46,597	0
Total Expenditures	<u>46,597</u>	<u>46,597</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500)	(4,500)	0
<b>Other Financing Sources (Uses):</b>			
Advances In	4,500	4,500	0
Total Other Financing Sources (Uses)	<u>4,500</u>	<u>4,500</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2022***

---

<b>OTHER FEDERAL GRANTS FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 331,448	\$ 331,448	\$ 0
Total Revenues	<u>331,448</u>	<u>331,448</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Instruction	125,341	125,341	0
Support Services:			
Pupils	8,331	8,331	0
Instructional Staff	<u>238,042</u>	<u>237,094</u>	<u>948</u>
Total Expenditures	<u>371,714</u>	<u>370,766</u>	<u>948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,266)	(39,318)	948
<b>Other Financing Sources (Uses):</b>			
Advances In	55,219	41,219	(14,000)
Advances Out	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>53,219</u>	<u>39,219</u>	<u>(14,000)</u>
Net Change in Fund Balance	12,953	(99)	(13,052)
Fund Balance at Beginning of Year	1,048	1,048	0
Prior Year Encumbrances	<u>876</u>	<u>876</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,877</u>	<u>\$ 1,825</u>	<u>\$ (13,052)</u>

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## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Fiscal Year Ended June 30, 2022***

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<b>BOND RETIREMENT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 1,491,582	\$ 1,491,467	\$ (115)
Intergovernmental - State	<u>248,055</u>	<u>248,055</u>	<u>0</u>
Total Revenues	<u>1,739,637</u>	<u>1,739,522</u>	<u>(115)</u>
<b>Expenditures:</b>			
Current:			
Support Services:			
Fiscal Services	22,700	20,817	1,883
Debt Service:			
Principal Retirement	1,870,000	1,870,000	0
Interest and Fiscal Charges	<u>251,987</u>	<u>251,987</u>	<u>0</u>
Total Expenditures	<u>2,144,687</u>	<u>2,142,804</u>	<u>1,883</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(405,050)	(403,282)	1,768
<b>Other Financing Sources (Uses):</b>			
Transfers In	453,831	0	(453,831)
Transfers Out	<u>(453,831)</u>	<u>0</u>	<u>453,831</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(405,050)	(403,282)	1,768
Fund Balance at Beginning of Year	<u>1,879,001</u>	<u>1,879,001</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,473,951</u></u>	<u><u>\$ 1,475,719</u></u>	<u><u>\$ 1,768</u></u>

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## **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, 2021***

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<b>BUILDING FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Local Sources:			
Investment Earnings	<u>\$        950</u>	<u>\$      1,184</u>	<u>\$        234</u>
Total Revenues	<u>          950</u>	<u>      1,184</u>	<u>        234</u>
<b>Expenditures:</b>			
Total Expenditures	<u>            0</u>	<u>            0</u>	<u>            0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	950	1,184	234
Fund Balance at Beginning of Year	<u>      27,120</u>	<u>      27,120</u>	<u>            0</u>
Fund Balance at End of Year	<u><u>\$     28,070</u></u>	<u><u>\$     28,304</u></u>	<u><u>\$        234</u></u>



## *STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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

### ***Contents***

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

## ***Heath City School District***

### *Net Position by Component*

#### *Last Ten Years*

*(accrual basis of accounting)*

	2013	2014	2015	2016
<b>Governmental Activities:</b>		*		
Net Investment in Capital Assets	\$1,569,237	\$1,007,118	\$668,117	\$1,387,709
Restricted for:				
Capital Projects	692,224	653,740	661,314	560,592
Debt Service	1,042,315	1,038,847	1,063,596	1,237,784
Statutory Purposes	61,909	108,722	81,520	81,982
Federal and State Grant Programs	33,557	54,850	46,561	77,319
Unrestricted	(2,343,361)	(20,546,771)	(18,183,979)	(17,112,694)
Total Governmental Activities Net Position	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$1,569,237	\$1,007,118	\$668,117	\$1,387,709
Restricted	1,830,005	1,856,159	1,852,991	1,957,677
Unrestricted	(2,343,361)	(20,546,771)	(18,183,979)	(17,112,694)
Total Primary Government Net Position	<u>\$1,055,881</u>	<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>

\* Restated

Source: District Treasurer's Office



# *Heath City School District*

2017	2018	2019	2020	2021	2022
*			*		
\$1,638,635	\$2,116,344	\$2,516,261	\$3,646,520	\$3,920,842	\$5,738,539
589,014	679,363	737,612	531,613	416,777	708,011
998,467	1,395,292	1,442,042	1,682,531	1,948,331	1,552,448
95,543	56,396	111,260	145,630	157,228	577,431
48,913	35,836	38,835	114,485	190,853	25,962
(20,943,208)	(11,282,637)	(8,799,138)	(7,962,634)	(7,176,162)	(3,981,882)
(\$17,572,636)	(\$6,999,406)	(\$3,953,128)	(\$1,841,855)	(\$542,131)	\$4,620,509
\$1,638,635	\$2,116,344	\$2,516,261	\$3,646,520	\$3,920,842	\$5,738,539
1,731,937	2,166,887	2,329,749	2,474,259	2,713,189	2,863,852
(20,943,208)	(11,282,637)	(8,799,138)	(7,962,634)	(7,176,162)	(3,981,882)
(\$17,572,636)	(\$6,999,406)	(\$3,953,128)	(\$1,841,855)	(\$542,131)	\$4,620,509

## *Heath City School District*

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

	2013	2014	2015	2016
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$10,304,880	\$10,096,148	\$10,513,018	\$11,220,535
Support Services:				
Pupils	632,193	621,994	583,590	640,770
Instructional Staff	318,009	264,908	324,069	325,261
Board of Education	79,588	80,043	49,101	248,574
Administration	1,468,112	1,518,459	1,523,311	1,748,840
Fiscal Services	506,287	528,591	578,977	466,731
Business	29,284	14,330	20,438	28,922
Operation and Maintenance of Plant	1,351,000	1,330,607	1,507,678	1,909,197
Pupil Transportation	654,334	637,015	592,204	643,460
Central	275,932	308,948	451,684	347,036
Operation of Non-Instructional Services				
Community Services	1,776	4,410	1,994	4,416
Food Service Operations	616,807	567,567	596,853	653,795
Shared Services	0	17,994	54,691	0
Extracurricular Activities	601,322	593,994	618,078	616,176
Interest and Fiscal Charges	1,117,528	891,757	657,894	544,983
<i>Total Primary Government Expenses</i>	<u>\$17,957,052</u>	<u>\$17,476,765</u>	<u>\$18,073,580</u>	<u>\$19,398,696</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Instruction	\$156,220	\$600,894	\$948,735	\$1,037,209
Support Services:				
Pupils	41,000	43,788	60,609	55,620
Operation of Non-Instructional Services				
Food Service Operations	220,566	186,257	152,316	198,299
Extracurricular Activities	102,999	134,064	124,900	130,864
Operating Grants and Contributions	895,828	1,026,547	1,087,236	1,123,022
Capital Grants and Contributions	0	0	0	0
<i>Total Governmental Activities</i>	<u>1,416,613</u>	<u>1,991,550</u>	<u>2,373,796</u>	<u>2,545,014</u>
<i>Program Revenues</i>	<u>1,416,613</u>	<u>1,991,550</u>	<u>2,373,796</u>	<u>2,545,014</u>

# *Heath City School District*

2017	2018	2019	2020	2021	2022
\$11,477,367	\$5,716,009	\$10,521,710	\$13,103,894	\$14,273,518	\$11,861,518
705,634	522,576	874,557	1,214,501	1,308,266	985,786
381,955	486,743	706,334	846,060	967,695	1,008,534
329,525	63,368	106,787	138,228	156,391	190,806
1,673,351	1,094,581	1,485,126	1,730,240	1,924,020	1,727,130
636,550	605,510	732,416	718,154	705,579	714,725
13,562	17,892	16,137	11,926	16,334	10,044
1,838,229	1,598,068	1,933,978	1,736,633	1,706,530	1,516,664
654,868	628,413	757,602	815,607	786,334	852,824
403,385	240,897	265,375	409,538	419,302	357,395
0	0	0	0	0	19,205
727,620	724,156	923,351	911,863	970,484	1,092,736
0	0	0	0	0	0
793,082	424,403	849,040	995,357	1,000,564	998,401
474,616	464,897	441,336	348,477	246,193	171,720
<u>\$20,109,744</u>	<u>\$12,587,513</u>	<u>\$19,613,749</u>	<u>\$22,980,478</u>	<u>\$24,481,210</u>	<u>\$21,507,488</u>
\$1,219,571	\$1,484,917	\$1,823,216	\$2,145,424	\$2,235,092	\$345,358
60,990	51,269	83,483	44,423	0	0
235,209	264,402	437,187	371,107	169,945	123,033
148,799	134,362	147,118	123,855	130,079	178,394
1,229,537	1,185,904	1,301,886	1,635,333	2,492,212	3,512,408
0	0	0	837,500	41,088	14,914
<u>2,894,106</u>	<u>3,120,854</u>	<u>3,792,890</u>	<u>5,157,642</u>	<u>5,068,416</u>	<u>4,174,107</u>

(Continued)

## *Heath City School District*

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	<u>(16,540,439)</u>	<u>(15,485,215)</u>	<u>(15,699,784)</u>	<u>(16,853,682)</u>
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	<u><u>(\$16,540,439)</u></u>	<u><u>(\$15,485,215)</u></u>	<u><u>(\$15,699,784)</u></u>	<u><u>(\$16,853,682)</u></u>
 <b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$6,623,175	\$7,854,925	\$8,621,606	\$9,279,815
Debt Service	1,095,634	1,171,836	1,290,787	1,343,433
Capital Outlay	177,920	186,087	187,583	196,007
Grants and Entitlements not				
Restricted to Specific Programs	6,145,307	6,383,632	7,086,554	7,371,309
Investment Earnings	7,825	6,886	10,716	29,265
Miscellaneous	<u>543,865</u>	<u>543,418</u>	<u>523,161</u>	<u>529,416</u>
<i>Total Primary Government</i>	<u><u>\$14,593,726</u></u>	<u><u>\$16,146,784</u></u>	<u><u>\$17,720,407</u></u>	<u><u>\$18,749,245</u></u>
 <b>Change in Net Position</b>				
Governmental Activities	<u>(1,946,713)</u>	<u>661,569</u>	<u>2,020,623</u>	<u>1,895,563</u>
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u><u>(\$1,946,713)</u></u>	<u><u>\$661,569</u></u>	<u><u>\$2,020,623</u></u>	<u><u>\$1,895,563</u></u>

Source: District Treasurer's Office

# *Heath City School District*

2017	2018	2019	2020	2021	2022
(17,215,638)	(9,466,659)	(15,820,859)	(17,822,836)	(19,412,794)	(17,333,381)
<u>(\$17,215,638)</u>	<u>(\$9,466,659)</u>	<u>(\$15,820,859)</u>	<u>(\$17,822,836)</u>	<u>(\$19,412,794)</u>	<u>(\$17,333,381)</u>
\$9,239,268	\$10,485,484	\$8,964,782	\$10,333,478	\$10,246,008	\$10,561,802
1,150,316	1,359,339	1,206,282	1,399,048	1,422,031	1,491,674
192,177	211,594	183,116	211,811	893,830	1,327,835
7,435,029	7,643,707	7,709,959	7,392,727	7,737,617	8,715,419
65,859	119,740	309,956	377,228	14,794	(83,040)
388,805	220,025	493,042	167,854	398,238	482,331
<u>\$18,471,454</u>	<u>\$20,039,889</u>	<u>\$18,867,137</u>	<u>\$19,882,146</u>	<u>\$20,712,518</u>	<u>\$22,496,021</u>
1,255,816	10,573,230	3,046,278	2,059,310	1,299,724	5,162,640
<u>\$1,255,816</u>	<u>\$10,573,230</u>	<u>\$3,046,278</u>	<u>\$2,059,310</u>	<u>\$1,299,724</u>	<u>\$5,162,640</u>

## *Heath City School District*

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable	\$58,886	\$2,463	\$2,075	\$27,763
Restricted	5,881	36,428	15,307	0
Committed	0	0	0	0
Assigned	124,352	717,659	187,650	261,619
Unassigned	<u>0</u>	<u>533,211</u>	<u>2,810,841</u>	<u>4,221,923</u>
<i>Total General Fund</i>	<u>189,119</u>	<u>1,289,761</u>	<u>3,015,873</u>	<u>4,511,305</u>
 All Other Governmental Funds				
Nonspendable	18,872	63,584	42,889	17,200
Restricted	1,811,895	1,779,099	1,809,505	1,949,189
Unassigned	<u>(44,961)</u>	<u>(27,959)</u>	<u>(15,973)</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>1,785,806</u>	<u>1,814,724</u>	<u>1,836,421</u>	<u>1,966,389</u>
<i>Total Governmental Funds</i>	<u><u>\$1,974,925</u></u>	<u><u>\$3,104,485</u></u>	<u><u>\$4,852,294</u></u>	<u><u>\$6,477,694</u></u>

\* Restated

Source: District Treasurer's Office

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*Heath City School District*

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2017	2018	2019	2020	2021	2022
			*		
\$29,944	\$0	\$228,193	\$232,672	\$230,870	\$402,785
0	0	0	0	0	0
0	0	0	248,247	248,247	249,847
175,101	531,080	682,787	829,605	211,104	153,374
6,021,754	8,355,313	8,524,927	9,923,795	11,997,691	13,789,976
6,226,799	8,886,393	9,435,907	11,234,319	12,687,912	14,595,982
33,000	49,849	74,707	84,710	68,857	90,689
1,695,240	2,128,484	2,288,854	2,394,769	2,661,616	2,821,496
(53,802)	(25,226)	(47,486)	(121,742)	(310,463)	(501,029)
1,674,438	2,153,107	2,316,075	2,357,737	2,420,010	2,411,156
\$7,901,237	\$11,039,500	\$11,751,982	\$13,592,056	\$15,107,922	\$17,007,138

# *Heath City School District*

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

	2013	2014	2015	2016
<b>Revenues:</b>				
Local Sources:				
Taxes	\$8,082,155	\$9,250,713	\$10,115,662	\$10,830,906
Tuition	78,449	535,675	890,288	979,931
Food Service	220,566	186,257	152,316	198,299
Investment Earnings	7,807	6,416	9,938	28,683
Extracurricular Activities	102,999	134,064	124,900	130,864
Class Materials and Fees	76,887	64,719	57,449	56,246
Intergovernmental - State	6,048,971	6,647,676	7,194,372	7,435,863
Intergovernmental - Federal	920,119	879,254	982,893	1,040,547
All Other Revenue	585,749	583,706	584,368	585,668
<b>Total Revenue</b>	<b>16,123,702</b>	<b>18,288,480</b>	<b>20,112,186</b>	<b>21,287,007</b>
<b>Expenditures:</b>				
Current:				
Instruction	9,887,089	9,671,600	10,227,343	10,839,935
Supporting Services:				
Pupils	609,970	597,979	610,112	625,555
Instructional Staff	301,093	243,751	317,931	305,817
Board of Education	79,588	80,043	49,101	248,574
Administration	1,506,325	1,459,945	1,507,152	1,726,393
Fiscal Services	502,551	536,825	573,425	514,527
Business	29,284	14,330	20,438	28,922
Operation and Maintenance of Plant	1,208,877	1,253,864	1,423,453	1,677,527
Pupil Transportation	613,996	584,559	544,902	607,345
Central	274,241	308,225	448,230	344,887
Operation of Non-Instructional Services				
Community Services	1,776	4,410	1,994	4,416
Food Service Operations	583,763	531,695	553,134	603,909
Shared Services	0	17,994	54,691	0
Extracurricular Activities	452,268	426,676	463,049	460,474
Capital Outlay	174,798	274,419	68,586	308,295
Debt Service:				
Principal Retirement	983,849	923,699	1,022,773	1,073,448
Interest and Fiscal Charges	485,280	484,775	465,915	437,664
<b>Total Expenditures</b>	<b>17,694,748</b>	<b>17,414,789</b>	<b>18,352,229</b>	<b>19,807,688</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,571,046)	873,691	1,759,957	1,479,319



# *Heath City School District*

2017	2018	2019	2020	2021	2022
\$10,637,252	\$12,058,474	\$10,332,895	\$11,956,798	\$12,607,475	\$13,375,342
1,161,902	1,425,622	1,743,264	2,047,087	2,130,956	266,356
235,209	264,402	437,187	371,107	169,945	123,033
62,562	112,336	301,643	371,613	16,045	(76,028)
148,799	134,362	147,118	123,855	130,079	178,394
57,169	59,295	65,452	77,337	76,136	77,487
7,556,848	7,754,127	7,840,232	7,825,680	8,117,211	9,157,641
1,037,083	1,134,337	1,175,567	1,097,468	2,059,005	3,127,331
450,295	261,294	591,025	233,277	426,238	483,846
21,347,119	23,204,249	22,634,383	24,104,222	25,733,090	26,713,402
10,872,530	11,090,703	11,414,377	11,902,325	12,909,964	11,871,679
657,412	644,394	918,782	1,113,697	1,215,662	1,006,031
321,093	581,614	694,798	757,647	896,946	1,052,264
329,525	63,368	106,787	138,228	156,391	190,806
1,516,556	1,703,790	1,535,711	1,541,750	1,760,729	1,848,549
601,325	629,735	692,595	658,746	670,902	767,749
13,562	17,892	16,137	11,926	16,334	10,044
1,570,171	1,575,075	1,830,963	1,522,193	1,545,663	1,554,574
554,295	652,338	705,637	734,678	768,250	946,204
408,367	246,830	296,739	389,984	407,470	368,160
0	0	0	0	0	19,205
699,024	709,644	869,190	873,348	949,218	1,197,014
0	0	0	0	0	0
591,781	631,697	751,048	778,300	707,012	818,569
646,597	173,287	725,296	735,489	769,544	1,040,851
1,135,286	1,063,627	1,182,351	1,160,378	1,168,472	1,870,000
331,426	295,132	276,662	271,592	266,980	252,487
20,248,950	20,079,126	22,017,073	22,590,281	24,209,537	24,814,186

1,098,169	3,125,123	617,310	1,513,941	1,523,553	1,899,216 (Continued)
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## *Heath City School District*

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

	2013	2014	2015	2016
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	4,000	400	400
Insurance Proceeds	0	0	0	0
Refunding General Obligation Bonds Issued	0	0	0	7,340,000
Premium on General				
Obligation Refunding Bond	0	0	0	493,000
Payment to Refunded Bond Escrow Agent	0	0	0	(7,688,354)
Other Financing Sources - Capital Leases	74,450	250,956	0	0
Transfers In	0	50,000	85,000	0
Transfers Out	0	(50,000)	(85,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>74,450</u>	<u>254,956</u>	<u>400</u>	<u>145,046</u>
<b>Net Change in Fund Balance</b>	<u>(\$1,496,596)</u>	<u>\$1,128,647</u>	<u>\$1,760,357</u>	<u>\$1,624,365</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	8.36%	8.21%	8.13%	7.70%

Source: District Treasurer's Office

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*Heath City School District*

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2017	2018	2019	2020	2021	2022
3,000	2,000	0	0	0	0
0	0	89,200	18,100	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
325,526	8,820	0	0	0	0
101,150	128,825	0	276,806	80,000	0
(101,150)	(128,825)	0	(28,559)	(80,000)	0
328,526	10,820	89,200	266,347	0	0
<u>\$1,426,695</u>	<u>\$3,135,943</u>	<u>\$706,510</u>	<u>\$1,780,288</u>	<u>\$1,523,553</u>	<u>\$1,899,216</u>
7.43%	6.83%	6.88%	6.57%	6.16%	8.88%

## *Heath City School District*

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

<b>Tax year</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
			**	
<b>Real Property</b>				
Assessed	\$248,432,630	\$248,446,390	\$246,138,835	\$234,500,020
Actual	709,807,514	709,846,829	703,253,814	670,000,057
<b>Public Utility</b>				
Assessed	6,675,260	7,976,040	8,025,020	9,434,090
Actual	6,675,260	7,976,040	8,025,020	9,434,090
<b>Total</b>				
Assessed	255,107,890	256,422,430	254,163,855	243,934,110
Actual	716,482,774	717,822,869	711,278,834	679,434,147
<b>Assessed Value as a Percentage of Actual Value</b>	35.61%	35.72%	35.73%	35.90%
<b>Total Direct Tax Rate</b>	\$53.85	\$61.75	\$63.10	\$64.30

Source: Licking County Auditor

\* Reappraisal

\*\* Update

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

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

*Heath City School District*

2016	2017	2018	2019	2020	2021
	*			**	
\$236,501,406	\$259,175,790	\$259,850,293	\$261,638,294	\$285,512,290	\$284,452,507
675,718,303	740,502,257	742,429,409	747,537,983	815,749,400	812,721,449
11,761,470	12,215,810	18,044,810	20,431,940	22,460,320	27,433,120
11,761,470	12,215,810	18,044,810	20,431,940	22,460,320	27,433,120
248,262,876	271,391,600	277,895,103	282,070,234	307,972,610	311,885,627
687,479,773	752,718,067	760,474,219	767,969,923	838,209,720	840,154,569
36.11%	36.05%	36.54%	36.73%	36.74%	37.12%
\$63.30	\$62.60	\$62.60	\$62.00	\$64.80	\$64.40

## ***Heath City School District***

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

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	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Direct District Rates</b>				
General Fund	47.60	55.50	56.60	57.80
Bond Retirement Fund	5.05	5.05	5.30	5.30
Permanent Improvement Fund	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>
Total	53.85	61.75	63.10	64.30
<b>Overlapping Rates</b>				
City of Heath	5.65	5.40	5.40	6.40
Career and Technical Education Center	2.48	2.56	2.54	2.58
Licking County	7.70	7.70	8.00	8.00
Licking County Library	1.00	1.00	1.00	1.00
Licking County Park District	0.00	0.25	0.25	0.25

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

**Source:**

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

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*Heath City School District*

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2016	2017	2018	2019	2020	2021
57.20	56.10	56.10	55.50	54.30	53.90
4.90	5.30	5.30	5.30	5.30	5.30
1.20	1.20	1.20	1.20	5.20	5.20
63.30	62.60	62.60	62.00	64.80	64.40
6.40	6.40	6.40	6.40	6.40	6.40
2.57	2.55	2.55	2.55	2.50	2.50
8.00	9.50	9.50	9.50	9.50	9.50
1.00	1.00	1.00	1.00	1.00	1.00
0.25	0.25	0.25	0.25	0.25	0.25





## *Heath City School District*

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

		Calendar Year 2021		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power Company	Utility Company - Electric	\$14,617,120	1	4.69%
AEP Ohio Transmission Co, Inc.	Utility Company - Electric	6,520,280	2	2.09%
Southgate Ohio Station LLC	Shopping Center	5,286,680	3	1.70%
Glimcher Properties Limited Partnership	Development	4,445,000	4	1.43%
Quest Heathwood Village LLC	Apartments	4,094,900	5	1.31%
Wal-Mart Real Estate Business Trust	Retail Store	3,308,240	6	1.06%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,004,200	8	0.96%
NS Retail Holdings LLC	Real Estate	2,678,980	7	0.86%
Kaiser Aluminum Fabricated Products LLC	Aluminum Processing	2,646,250	9	0.85%
Cross Creek Limited Partnership	Shopping Center	2,555,000	10	0.82%
Subtotal		49,156,650		15.77%
All Others		262,728,977		84.23%
Total		<u>\$311,885,627</u>		<u>100.00%</u>

		Calendar Year 2012		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$9,933,600	1	3.89%
Southgate Association Limited Partnership	Shopping Center	5,543,160	2	2.17%
Ohio Power Company	Utility Company - Electric	5,273,840	3	2.07%
Cross Creek Limited Partnership	Shopping Center	3,181,370	4	1.25%
Wal*Mart Stores, Inc.	Retail Store	2,807,670	5	1.10%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,640,190	6	1.03%
Inland Western Heath Southgate LLC	Shopping Center	2,571,800	7	1.01%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,427,780	8	0.95%
H&D Holding Company	Development	2,332,260	9	0.91%
Glenwood Apartments LLC	Apartments	2,136,820	10	0.84%
Subtotal		38,848,490		15.22%
All Others		216,259,400		84.78%
Total		<u>\$255,107,890</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings  
Based on valuation of property in 2021 and 2012

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

## *Heath City School District*

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

<b>Collection Year</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Total Tax Levy</b>	\$9,495,631	\$9,003,974	\$10,960,686
<b>Collections within the Fiscal Year of the Levy</b>			
Current Tax Collections	9,149,588	8,709,214	10,649,259
Percent of Levy Collected	96.36%	96.73%	97.16%
Delinquent Tax Collections (1)	96,940	3,969	167,209
Total Tax Collections	9,246,528	8,713,183	10,816,468
<b>Percent of Total Tax Collections To Tax Levy</b>	97.38%	96.77%	98.68%
<b>Accumulated Outstanding Delinquent Taxes</b>	232,431	183,748	190,554
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	2.45%	2.04%	1.74%

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.

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*Heath City School District*

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<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$11,119,757	\$11,551,120	\$11,419,479	\$12,048,452	\$12,409,906	\$12,493,640	\$12,551,841
10,812,156	11,223,676	11,188,024	11,870,917	12,227,045	12,233,310	12,218,232
97.23%	97.17%	97.97%	98.53%	98.53%	97.92%	97.34%
<u>161,863</u>	<u>284,617</u>	<u>225,920</u>	<u>197,873</u>	<u>203,873</u>	<u>242,426</u>	<u>269,632</u>
10,974,019	11,508,293	11,413,944	12,068,790	12,430,918	12,475,736	12,487,864
98.69%	99.63%	99.95%	100.17%	100.17%	99.86%	99.49%
125,628	120,889	153,338	174,622	162,162	116,555	122,524
1.13%	1.05%	1.34%	1.45%	1.31%	0.93%	0.98%

## *Heath City School District*

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

	2013	2014	2015	2016
<b>Governmental Activities (1)</b>				
General Obligation Bonds Payable	\$14,522,171	\$13,902,047	\$13,170,033	\$12,140,782
Capital Leases	64,732	301,989	204,216	105,768
Total Primary Government	<u>\$14,586,903</u>	<u>\$14,204,036</u>	<u>\$13,374,249</u>	<u>\$12,246,550</u>
<b>Population (2)</b>				
City of Heath	10,310	10,310	10,310	10,310
Outstanding Debt Per Capita	1,415	1,378	1,297	1,188
<b>Income (3)</b>				
Personal (in thousands)	388,470	396,822	410,699	428,700
Percentage of Personal Income	3.75%	3.58%	3.26%	2.86%

#### **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

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*Heath City School District*

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2017	2018	2019	2020	2021	2022
\$11,355,564	\$10,566,487	\$9,655,045	\$8,655,813	\$7,553,910	\$5,639,092
256,008	191,201	113,850	58,472	0	0
<u>\$11,611,572</u>	<u>\$10,757,688</u>	<u>\$9,768,895</u>	<u>\$8,714,285</u>	<u>\$7,553,910</u>	<u>\$5,639,092</u>
10,310	10,310	10,310	10,310	10,412	10,412
1,126	1,043	948	845	726	542
435,257	455,826	474,868	489,704	529,034	567,714
2.67%	2.36%	2.06%	1.78%	1.43%	0.99%

## *Heath City School District*

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

Year	2013	2014	2015	2016
<b>Population</b> <sup>(1)</sup>	10,310	10,310	10,310	10,310
<b>Assessed Value</b> <sup>(2)</sup>	255,107,890	256,422,430	254,163,855	243,934,110
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	14,522,171	13,902,047	13,170,033	12,140,782
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	1,042,315	1,038,847	1,063,596	1,237,784
<b>Net General Bonded Debt</b>	13,479,856	12,863,200	12,106,437	10,902,998
<b>Ratio of Net Bonded Debt to Assessed Value</b>	5.28%	5.02%	4.76%	4.47%
<b>Net Bonded Debt per Capita</b>	1,307.45	1,247.64	1,174.24	1,057.52

**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.

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*Heath City School District*

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2017	2018	2019	2020	2021	2022
10,310	10,310	10,310	10,310	10,412	10,412
248,262,876	271,391,600	277,895,103	282,070,234	307,972,610	311,885,627
11,355,564	10,566,487	9,655,045	8,655,813	7,553,910	5,639,092
998,467	1,395,292	1,442,042	1,682,531	1,948,331	1,552,448
10,357,097	9,171,195	8,213,003	6,973,282	5,605,579	4,086,644
4.17%	3.38%	2.96%	2.47%	1.82%	1.31%
1,004.57	889.54	796.61	676.36	538.38	392.49





## *Heath City School District*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2022*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Heath City School District</u>	<u>Amount Applicable to Heath City School District</u>
<b>Direct:</b>			
Heath City School District	\$5,639,092	100.00%	\$5,639,092
<b>Overlapping:</b>			
City of Heath	5,655,000	90.16%	5,098,548
Career and Technical Education Center	7,930,000	5.51%	436,943
Licking County	28,329,694	5.72%	<u>1,620,458</u>
		Subtotal	<u>7,155,949</u>
		Total	<u><u>\$12,795,041</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*

	2013	2014	2015	2016
Net Assessed Valuation	\$255,107,890	\$256,422,430	\$254,163,855	\$243,934,110
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	22,959,710	23,078,019	22,874,747	21,954,070
Applicable District Debt Outstanding	14,522,171	13,902,047	13,170,033	12,140,782
Less: Applicable Debt Service Fund Amounts (2)	(1,042,575)	(1,049,893)	(1,075,169)	(1,242,170)
Net Indebtedness Subject to Limitation	13,479,596	12,852,154	12,094,864	10,898,612
Overall Legal Debt Margin	\$9,480,114	\$10,225,865	\$10,779,883	\$11,055,458
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	255,108	256,422	254,164	243,934
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	\$255,108	\$256,422	\$254,164	\$243,934
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,295,971	2,307,802	2,287,475	2,195,407
Applicable District Debt Outstanding	0	0	0	0
Unvoted Energy Conservation				
Loans Legal Debt Margin	\$2,295,971	\$2,307,802	\$2,287,475	\$2,195,407

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

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

# *Heath City School District*

2017	2018	2019	2020	2021	2022
\$248,262,876	\$271,391,600	\$277,895,103	\$282,070,234	\$307,972,610	\$311,885,627
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
22,343,659	24,425,244	25,010,559	25,386,321	27,717,535	28,069,706
11,355,564	10,566,487	9,655,045	8,655,813	7,553,910	5,639,092
(1,006,492)	(1,399,129)	(1,443,227)	(1,684,827)	(1,956,731)	(1,552,448)
10,349,072	9,167,358	8,211,818	6,970,986	5,597,179	4,086,644
\$11,994,587	\$15,257,886	\$16,798,741	\$18,415,335	\$22,120,356	\$23,983,062
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
248,263	271,392	277,895	282,070	307,973	311,886
0	0	0	0	0	0
\$248,263	\$271,392	\$277,895	\$282,070	\$307,973	\$311,886
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,234,366	2,442,524	2,501,056	2,538,632	2,771,753	2,806,971
0	0	0	0	0	0
\$2,234,366	\$2,442,524	\$2,501,056	\$2,538,632	\$2,771,753	\$2,806,971

## *Heath City School District*

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

Calendar Year	2012	2013	2014	2015	2016
<b>Population</b> <sup>(1)</sup>					
City of Heath	10,310	10,310	10,310	10,310	10,310
Licking County	167,719	168,503	169,390	170,570	172,198
<b>Income</b> <sup>(2) (a)</sup>					
Total Personal (in thousands)	388,470	396,822	410,699	428,700	435,257
Per Capita	37,679	38,489	39,835	41,581	42,217
<b>Unemployment Rate</b> <sup>(3)</sup>					
Federal	8.1%	7.4%	6.2%	5.3%	4.9%
State	7.2%	7.4%	5.7%	4.9%	4.9%
Licking County	6.5%	6.9%	5.1%	4.4%	4.3%

Fiscal Year	2013	2014	2015	2016	2017
<b>School Enrollment</b> <sup>(4)</sup>					
Grades K - 2	353	359	393	397	376
Grades 3 - 5	379	382	398	410	418
Grades 6 - 8	408	388	406	396	385
Grades 9 - 12	477	505	486	479	489
JVS	55	48	65	70	56
Total	1,672	1,682	1,748	1,752	1,724

**Sources:**

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

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

## *Heath City School District*

2017	2018	2019	2020	2021
10,310	10,310	10,310	10,412	10,412
173,448	175,769	177,174	178,100	178,100
455,826	474,868	489,704	529,034	567,714
44,212	46,059	47,498	50,810	54,525
4.4%	3.9%	3.7%	8.1%	5.3%
5.0%	4.6%	4.1%	8.1%	5.1%
4.2%	4.0%	3.7%	6.5%	4.1%

2018	2019	2020	2021	2022
382	394	404	402	418
403	385	397	390	382
405	421	423	419	412
497	408	408	465	464
65	77	79	57	38
1,752	1,685	1,711	1,733	1,714



## *Heath City School District*

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

Employer	Nature of Business	2021	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	981	1
Carvana	Retail Sales	959	2
Walmart	Retail Sales	528	3
Heath Board of Ed	Education	324	4
Kaiser Aluminum & Chemical Co	Manufacturing	251	5
JLH Automotive	Retail Sales	241	6
Englefield Oil	Petroleum Products	227	7
Mathews Ford	Retail Sales	140	8
Gummer Wholesale	Retail Sales	124	9
Vance Outdoors	Retail Sales	116	10
Total		3,891	

Employer	Nature of Business	2012	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	867	1
Super Wal-Mart Stores	Retail Sales	433	2
Arvin/Meritor	Manufacturing	362	3
Kaiser Aluminum & Chemical Co.	Manufacturing	319	4
Heath City Schools	Education	304	5
Heath Nursing Home	Health Care	226	6
Lowe's Home Center	Retail Sales	204	7
Target Stores	Retail Sales	202	8
John Hinderer Honda	Retail Sales	189	9
Englefield Oil	Petroleum Products	152	10
Total		3,258	

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

## *Heath City School District*

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

	2013	2014	2015	2016	2017
<b>Supervisory</b>					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	1.00	1.00	6.00	6.00	6.00
Principals	4.00	4.00	4.00	4.00	3.00
Assistant Principals	1.00	2.00	1.00	1.00	1.00
<b>Instruction</b>					
Classroom Teachers	100.00	104.00	97.50	94.50	89.75
<b>Student Services</b>					
Guidance Counselors	1.00	1.00	1.00	1.00	1.00
Psychologists and Health Staff	1.00	1.00	2.00	2.00	2.00
Librarians	1.00	1.00	1.00	1.00	1.00
<b>Support Services</b>					
Clerical/Bookkeeping	11.00	11.00	11.00	10.00	11.50
Tutors/Aides	1.00	1.00	14.00	14.50	12.00
Food Service	18.00	18.00	11.00	11.00	9.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	12.00	12.00	13.00	11.00	13.00
<i>Total Employees</i>	<u>162.00</u>	<u>167.00</u>	<u>172.50</u>	<u>167.00</u>	<u>160.25</u>

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

Source: District Treasurer's Office



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*Heath City School District*

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2018	2019	2020	2021	2022
2.00	2.00	2.00	2.00	2.00
6.00	7.00	7.00	6.00	6.00
4.00	4.00	4.00	4.00	4.00
1.00	2.00	2.00	2.00	2.00
96.25	100.50	103.60	101.12	110.00
1.00	1.00	2.00	2.00	3.00
6.00	6.00	6.00	4.50	2.00
1.00	1.00	1.00	1.00	1.00
12.00	11.00	11.00	11.00	11.00
10.00	9.50	10.40	11.00	17.50
10.00	9.50	8.00	11.50	15.50
9.00	9.50	8.50	7.00	9.00
12.00	10.00	12.00	9.00	11.00
170.25	173.00	177.50	172.12	194.00

## *Heath City School District*

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

Fiscal Year	2013	2014	2015	2016
Enrollment	1,672	1,682	1,748	1,752
Modified Accrual Basis				
Operating Expenditures	17,694,748	17,414,789	18,352,229	19,807,688
Cost per Pupil	10,583	10,354	10,499	11,306
Percentage of Change	0.6%	(2.2%)	1.4%	7.7%
Accrual Basis (1)				
Expenses	16,839,524	16,585,008	17,415,686	18,853,713
Cost per Pupil	10,071	9,860	9,963	10,761
Percentage of Change	(0.09%)	(2.10%)	1.04%	8.01%
Teaching Staff	94	100	97.50	94.50

(1) Expenses exclude interest and fiscal charges

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

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

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*Heath City School District*

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2017	2018	2019	2020	2021	2022
1,724	1,752	1,685	1,711	1,733	1,714
20,248,950	20,079,126	22,017,073	22,590,281	24,209,537	24,814,186
11,745	11,461	13,067	13,203	13,970	14,477
3.9%	(2.4%)	14.0%	1.0%	5.8%	3.6%
19,635,128	12,122,616	19,172,413	22,632,001	24,235,017	21,335,768
11,389	6,919	11,378	13,227	13,984	12,448
5.84%	(39.25%)	64.44%	16.25%	5.72%	(10.99%)
89.75	96.25	100.50	103.60	101.12	110.00

## *Heath City School District*

### *Operating Indicators by Function Last Ten Years*

	2013	2014	2015	2016
<b>Governmental Activities</b>				
Pupils				
Enrollment	1,614	1,641	1,735	1,718
Graduates	112	117	133	137
Percent of Students with Disabilities	7.1%	7.2%	7.2%	7.2%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	96.20%	96.80%	96.70%	96.80%
Fiscal Services				
Purchase Orders Processed	2,355	2,367	2,241	2,287
Checks Issued (non payroll)	2,385	2,288	2,318	2,302
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	1,169	1,181	1,188	1,188
Average Daily Bus Fleet Miles	899	900	901	901
Number of Buses	16	16	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Lunches Served Annually	142,972	141,109	140,972	141,172
Percent of Free/Reduced Price Meals <sup>(1)</sup>	47%	47%	48%	49%
Extracurricular Activities				
High School Varsity Teams	17	17	17	17

Source: District Treasurer's Office

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

## *Heath City School District*

2017	2018	2019	2020	2021	2022
1,712	1,752	1,685	1,711	1,733	1,714
108	106	115	131	145	122
11.5%	13.8%	12.2%	15.0%	15.0%	16.1%
12	12	12	12	12	12
94.90%	94.00%	94.30%	95.30%	90.60%	93.00%
2,416	2,420	1,940	1,655	1,768	1,618
2,249	2,114	2,443	1,918	2,371	2,101
291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
885	886	845	848	621	791
581	533	534	547	488	558
17	16	15	15	14	15
134,229	134,746	140,613	126,854	124,930	302,713
63%	57%	55%	60%	36%	100%
21	22	23	23	24	24

## *Heath City School District*

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

Fiscal Year	2013	2014	2015	2016	2017
Minimum Salary	33,286	34,118	34,800	35,148	35,148
Maximum Salary	71,565	73,354	74,820	75,568	77,326
District Average Salary	54,057	52,671	51,776	52,446	52,535
State Average Salary (1)	56,307	55,913	55,242	57,154	58,849

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

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

Fiscal Year	2013	2014	2015	2016	2017
Bachelor's Degree	6	27	26	23	34
Bachelor + 15 (1)	9	0	0	0	0
Master's Degree	56	64	67	72	57
Master's Degree + 15 (1)	9	0	0	0	0
Master's Degree + 30	12	9	9	9	9
Total	92	100	102	104	100

Source: District Treasurer's Office

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

(2) Ohio Department of Education

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

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

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

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*Heath City School District*

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2018	2019	2020	2021	2022
35,851	36,568	37,299	38,045	38,996
78,872	80,450	82,058	83,699	87,741
55,769	53,490	60,284	57,602	56,895
58,186	60,399	65,754	67,654	N/A

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2018	2019	2020	2021	2022
30	33	32	30	35
0	0	0	0	0
59	61	64	70	65
0	0	0	0	0
12	10	10	12	12
101	104	106	112	112

## *Heath City School District*

### *Capital Asset Statistics by Building Last Ten Years*

	2013	2014	2015	2016
<b>Secondary</b>				
Heath High School				
Square Footage	124,740	124,740	124,740	124,740
Capacity (students)	600	600	600	600
Enrollment	532	553	551	549
<b>Middle</b>				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	408	388	406	396
<b>Elementary</b>				
Stevenson Elementary School				
Square Footage	44,437	44,437	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	379	382	398	410
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	450	450	450	450
Enrollment	353	359	393	397
<b>All Other</b>				
Central Administration Building				
Square Footage	2,400	2,400	2,400	2,400
Capacity	14	14	14	14
Staff	13	12	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

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



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*Heath City School District*

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2017	2018	2019	2020	2021	2022
124,700	124,700	124,700	124,700	124,700	124,700
600	600	600	600	600	600
545	562	485	487	522	502
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
385	405	421	423	419	412
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
418	403	385	397	390	382
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
376	382	394	404	402	418
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
13	13	13	13	12	12
10,800	10,800	10,800	10,800	10,800	10,800
17	16	15	15	14	15

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## *Heath City School District*

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

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	2013	2014	2015	2016	2017
<b>ACT Scores (Average)</b>					
Heath	21.7	21.8	21.9	21.9	21.3
Ohio	21.7	21.7	21.7	21.7	22.0
National	21.3	21.4	21.4	21.4	21.0
<b>Cost per Student (ODE)</b>					
Heath	10,961	8,603	8,225	8,978	9,480
Ohio (Average) (1)	10,149	9,536	9,904	9,837	10,445
<b>Attendance Rate</b>					
Heath	94.80%	96.70%	94.90%	94.90%	94.90%
Ohio (Average)	94.20%	94.30%	94.10%	94.10%	93.90%
<b>Graduation Rate (2)</b>					
Heath	93.30%	91.70%	96.90%	92.40%	92.80%
Ohio (Average)	82.20%	82.30%	83.00%	83.50%	84.10%

**Source:**

District's Student Records and Ohio Department of Education

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

(2) The 2021 figures were not yet available.

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

N/A - Not Available

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*Heath City School District*

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2018	2019	2020	2021	2022
18.3	18.5	19.1	18.2	19.9
20.3	20.0	19.2	18.9	19.4
20.8	20.7	20.6	20.3	19.8
8,335	8,914	8,654	9,372	9,886
9,353	9,724	9,883	10,336	11,306
94.00%	94.30%	95.30%	90.60%	92.30%
93.70%	93.50%	N/A	N/A	90.40%
90.80%	93.30%	94.80%	N/A	93.00%
85.30%	85.90%	87.20%	N/A	87.00%

