

**CITY OF HEATH  
REGULAR REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

*Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701*



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Members of Council  
City of Heath  
1287 Hebron Road  
Heath, Ohio 43056

We have reviewed the *Independent Auditors' Report* of the City of Heath, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Heath is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 27, 2021

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**CITY OF HEATH  
LICKING COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
HEATH, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

City of Heath  
Licking County  
1287 Hebron Road  
Heath, Ohio 43056

To the City Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The City of Heath, Licking County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 18, 2021.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City of Heath's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Heath's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 18, 2021



# CITY OF HEATH, OHIO

*Licking County*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2020



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2020

*Prepared by the City Auditor's Department*

Mr. Jay R. Morrow  
City Auditor



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LICKING COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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# CITY OF HEATH

Mark D. Johns  
Mayor

Jay R. Morrow  
Auditor

David C. Morrison  
Director of Law

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1287 Hebron Road \* Heath, OH 43056 \* P: (740) 522-1420 \* F: (740) 522-6324 \* [www.heathohio.gov](http://www.heathohio.gov)

June 18, 2021

To the Council and the Citizens of the City of Heath, Ohio:

The City Auditor is pleased to present this Comprehensive Annual Financial Report for the City of Heath (the City) for the year ended December 31, 2020. The report has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

Accounting Principles Generally Accepted in the United States of America 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 MD&A and should be read in conjunction with it. The City of Heath's MD&A can be found immediately following the Independent Auditor's Report.

## The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "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 financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, utility billing, income tax collection and other governmental services.

## ***CITY OF HEATH, OHIO***

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### ***Letter of Transmittal For the Year Ended December 31, 2020***

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#### **The City of Heath**

The City of Heath continues to be a growing community located twenty-five miles east of Ohio's capital city, Columbus. It is bounded on the north by the City of Newark, the county seat of Licking County. The City's elevation is approximately 830 feet above sea level. Its median temperatures are 75 degrees in summer and 30.2 degrees in winter. State highways 79 and 13 serve as the City's major transportation arteries. The east-west interstate highway I-70 that lies approximately 6 miles south also serves the City. Heath's 10.5 square mile area serves a residential population of 10,310 (census 2010) and an estimated daytime population of 45,000. The daytime population is concentrated in the State Route 79 corridor, the area of the Central Ohio Aerospace and Technology Center, the Indian Mound Mall, and Southgate and Cross Creek Shopping Centers.

The City of Heath was named after Fletcher Heath an employee of the Pure Oil Company, which was located just west of the City. A railroad freight station located near the company was named the Heath Station. In 1951, when area residents voted to incorporate, they created the Village of Heath. The Village of Heath became Ohio's 196th city on April 28, 1965.

Historical areas in the City of Heath include the Davis-Shai House, the old Four Mile Lock (part of the Ohio Canal), Moundbuilders State Park, and the Forry Preserve. The latter two include prehistoric Hopewell Indian mound sites. In addition, the W. Thomas Huff Indian artifact collection is on display at city hall.

The City operates under a charter, first adopted by the voters in 1964 and opened for revision by a Charter Commission every ten years. The form of government provided in the Charter is known as the "Mayor-Council Plan". All elections are non-partisan. The Mayor and the Auditor are elected for overlapping terms every four years. The legislative body of Heath consists of a seven-member Council, three of whom are elected by Ward, and four of whom are elected At-Large for overlapping four year terms. City Council elects a president every two years to preside over meetings. In the event that the office of the Mayor shall become vacant the President of Council shall become Mayor and serve for the unexpired term of the Mayor. City Council appoints the Clerk of Council and the Mayor appoints the City Law Director.

#### **Labor Relations**

A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. The employee profile is as follows:

<u>Number of Employees</u>	<u>Employee Classification</u>
80	Classified employees
9	Elected officials
3	Appointed employees

**CITY OF HEATH, OHIO**

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***Letter of Transmittal  
For the Year Ended December 31, 2020***

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The City has entered into bargaining agreements with the Fraternal Order of Police, Ohio Labor Council, Inc., International Association of Firefighters Local 2930 and the American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8. Other employees are governed by legislative action of City Council. In the judgment of the City, its employee relations have been and are considered to be good.

Full-time employees are represented by the following bargaining units:

<u>Bargaining Unit</u>	<u>Agreement Expiration Date</u>	<u>Number of Employees Covered</u>
Fraternal Order of Police, Ohio Labor Council (Dispatchers)	March 31, 2023	6
Fraternal Order of Police, Ohio Labor Council (Sergeants/Patrol)	March 31, 2023	18
International Association of Firefighters Local 2930	April 16, 2023	19
American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8	March 31, 2023	35

New police officers are not included in the union until their one-year probationary period is successfully completed. A reserve force of ten persons is authorized by order of the mayor. A thirty member volunteer fire department, operated by the Heath Firefighters Association, is authorized by City Ordinance.

The Administrative Section of the City of Heath Codified Ordinances provides for equal and similar treatment of employees employed by the city but not covered under a collective bargaining agreement. The following classifications are covered by the Administrative Section of the Heath Codified Ordinances:

- 9 Elected Officials
- 1 Appointed Clerk of Council
- 1 Appointed law advisors
- 2 Exempted classified employees
- 1 Appointed Administrative Assistant
- 6 Department Heads

***Letter of Transmittal  
For the Year Ended December 31, 2020***

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**ECONOMIC OUTLOOK & MAJOR INITIATIVES**

Although the COVID-19 epidemic in 2020 caused a disruption for many of the businesses in Heath, that did not appear to be the case for the city's largest employers. The businesses located on the campus of the Heath-Newark-Licking County Port Authority's Central Ohio Aerospace and Technology Center increased their employment by roughly 13%, according to information from the HNLCPA. Carvana opened its prototype automobile receiving center and continually hired new employees throughout 2020, and Nature's One, an organic infant nutrition manufacturing facility, began operations and hired staff. These are just a few examples of what proved to be only a slight dip in economic activity in the city.

Future job growth looks promising in the coming year, as facility expansions were approved during 2020 for Vance Outdoors (20,000 additional square feet) and Robertson Construction (1,500 square feet) for their new business operations. Additionally, two industrial speculative buildings located on International Drive (20,000 sq. ft. and 67,000 sq. ft.) were completed in 2020 and are being actively marketed. Plans are also in the works for a 750,000 sq. ft. facility to be constructed in 2021 between Keller Drive and Thornwood Drive.

**FINANCIAL INFORMATION**

**Internal Control, Budgetary Control and the Accounting System**

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

***Letter of Transmittal  
For the Year Ended December 31, 2020***

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The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

The Auditor's office is responsible for the auditing and analysis of all purchase orders of the City. Personnel of the Auditor's office carefully review purchase orders to ensure the availability of monies in the proper funds and accounts prior to the certification and subsequent payment of approved invoices. The City utilizes a fully automated accounting system as well as an automated system of controls for capital asset accounting and payroll. These systems, coupled with the review and examination performed by the City Auditor's office, ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the object level for each department within each fund via legislation approved by City Council. The various objects are:

- Personal services
- Contractual Services
- Other Expenditures
- Transfers
- Materials and Supplies
- Capital Outlay
- Debt Service:  
Principal  
Interest

Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year.

***Letter of Transmittal  
For the Year Ended December 31, 2020***

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**OTHER INFORMATION**

**Independent Audit**

An audit team from Wilson, Phillips & Agin, CPA's, Inc. has performed this year's audit. The independent auditor's unmodified opinion has been included in the Independent Auditor's Report which is located at the front of the financial section of this report.

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Heath, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2019. The City has received this award each year since 1994. The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. I believe this, our current report continues to conform to the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and I am submitting it to GFOA. In addition, the Heath city auditor also received the Auditor of State's Award, for fiscal years 2002 through 2008. To be eligible, reporting entities must have had no citations reported in their annual audit. Less than 5% of all reporting entities are eligible for this award.

**Public Disclosure**

The publication of this report represents an important achievement in the ability of the City of Heath to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City administration and investors. This report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

In addition to the citizens of Heath, the recipients of this report will include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization that requests it. The extensive effort to prepare and distribute this report is indicative of the City Auditor's goal of full disclosure of the City's finances.



***Letter of Transmittal  
For the Year Ended December 31, 2020***

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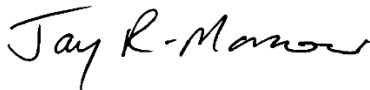
**Acknowledgments**

Sincere appreciation is extended to the individuals who have contributed their time and effort in gathering data for this report. I am indebted to the following staff members; Rebecca McComb, Assistant Auditor; Aimee Canter, HR Director; Jamie Mills, Administrative Assistant for Finance and Budget; and our Department Heads for the extra effort they put forth in the preparation of this report.

Special acknowledgment is extended to the staff of Donald J. Schonhardt and Associates, Inc. for their guidance in the preparation of this report.

Special thanks to the members of Heath City Council and Mayor Mark Johns whose support is necessary for the City of Heath to conform to reporting requirements established for municipal governments to maintain the sound financial position that the City has enjoyed for many years.

Respectfully,



Jay R. Morrow  
City Auditor

**CITY OF HEATH, OHIO**

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**List of Principal Officials  
For the Year Ended December 31, 2020**

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<b><i>ELECTED OFFICIALS</i></b>	<b><i>OFFICE</i></b>	<b><i>TERM EXPIRES</i></b>	<b><i>SURETY</i></b>
Mark D. Johns	Mayor	12/31/2021	
Jay R. Morrow	Auditor	03/31/2024	B
Tim Kelley	Council Member – at Large President of Council	12/31/2023	
Cledys Henry	Council Member at Large President-Pro-Tem	12/31/2023	
Deborah Cole	Council Member at Large	12/31/2023	
Brian Johnson	Council Member - Ward 1	12/31/2021	
Richard Morrow	Council Member - Ward 2	12/31/2021	
Doug Heffley	Council Member - Ward 3	12/31/2021	
Jeffrey Crabill	Council Member at Large	12/31/2023	

<b><i>ADMINISTRATIVE PERSONNEL</i></b>	<b><i>TITLE</i></b>	<b><i>TERM OF OFFICE</i></b>	<b><i>SURETY</i></b>
Bev Shepherd	Income Tax Commissioner	Indefinite	A
David Haren	Police Chief	Indefinite	
Warren McCord	Fire Chief	Indefinite	
John Geller	Utilities Director	Indefinite	
Robert Geller	Street and Parks Superintendent	Indefinite	
Eddie Hunt	Building and Zoning Inspector	Indefinite	
David C. Morrison	Law Director	Indefinite	
Rebecca McComb	Assistant Auditor	Indefinite	
Lynn M. Hunt	Clerk of Council	Indefinite	
Ginna Walker	Mayor's Secretary/Administrative Assistant	Indefinite	
Aimee Canter	Administrative Assistant	Indefinite	
Charles Kyle	Recreation Director	Indefinite	

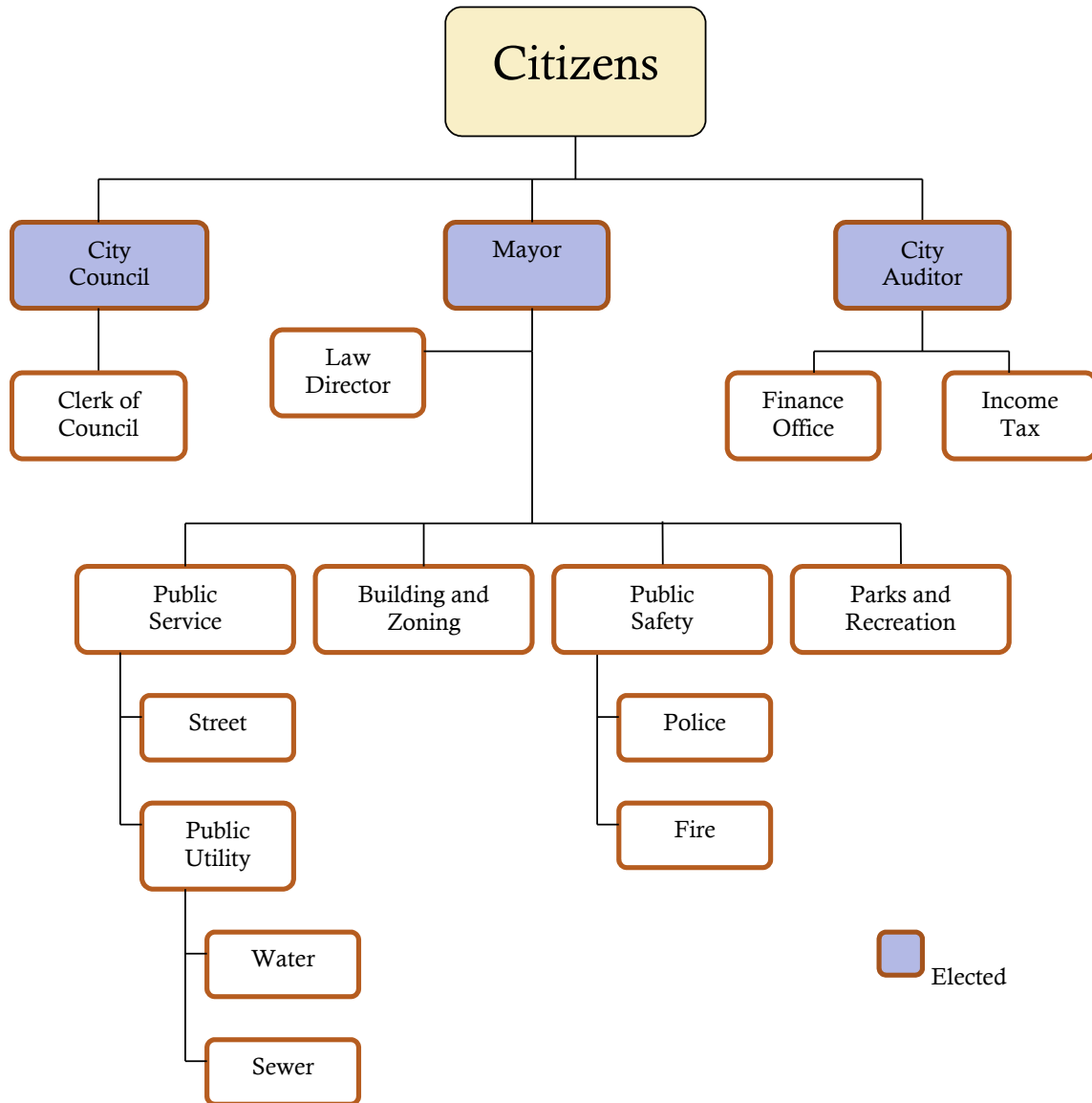
(A) \$100,000 Fidelity and Deposit Company of Maryland 06/1/04 - Indefinite  
 (B) \$100,000 Ohio Farmers Insurance Company 06/1/04 - Indefinite

**City Address:**

Heath City Hall  
 1287 Hebron Road  
 Heath, Ohio 43056  
<http://www.heathohio.gov>

**City Organizational Chart  
For the Year Ended December 31, 2020**

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**Boards and Commissions**

- |                                      |                                   |
|--------------------------------------|-----------------------------------|
| Parks and Recreation Board           | Civil Service Commission          |
| Air Pollution Control Board          | Planning Commission               |
| Board of Zoning and Building Appeals | Reuse Commission / Port Authority |
|                                      | Charter Review Commission         |

***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

**City of Heath  
Ohio**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

## *FINANCIAL SECTION*

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# WILSON, PHILLIPS & AGIN, CPA's, INC.

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www.wwpcpa.com

305 MAIN STREET  
COSHOCKTON, OHIO 43812  
(740) 622-8101  
FAX (740) 622-8171

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## INDEPENDENT AUDITORS' REPORT

City of Heath  
Licking City  
1287 Hebron Road  
Heath, Ohio 43056

To the City Council and Management:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Heath, Licking County, Ohio as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Heath, Licking County, Ohio as of December 31, 2020, and the respective changes in financial position and where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund and Fire Levy Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 19 to the financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2021, on our consideration of the City of Heath's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Heath's internal control over financial reporting and compliance.

*Wilson, Phelps & Co., CPAs, Inc.*

Zanesville, Ohio  
June 18, 2021



The management's discussion and analysis of the City of Heath's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

### **Key financial highlights for 2020 are as follows:**

In total, net position increased \$1,588,446. Net position of governmental activities increased \$1,855,827 which represents a 5.1% increase from 2019. Net position of business-type activities decreased \$267,381 or 1.3% from 2019.

General revenues accounted for \$11.8 million in revenue or 61.7% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for 38.3% of total revenues of \$19 million.

The City had \$12.6 million in expenses related to governmental activities; \$2.7 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes) of \$11.8 million assisted in providing for these programs.

Among major funds, the general fund had \$10.4 million in revenues and \$10.1 million in expenditures and other financing uses. The general fund's fund balance increased \$288,365 to \$5.8 million.

Net position for enterprise funds decreased by \$267,381. Revenues decreased 2.8% and expenses increased 10.4% in 2020 when compared to 2019. Overall, revenues outpaced expenses accounting for the increase.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, 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 City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City'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. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accepting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources and 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 City's net position and how they have changed. Net-position (the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's program's and services are reported here including security of persons and property, public health and welfare, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer services are reported as business-type activities.

**Fund Financial Statements**

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

**Governmental Funds** – Most of the City'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 City'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 the City's 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.

**Management’s Discussion and Analysis  
For the Year Ended December 31, 2020**

**Unaudited**

**Proprietary Funds** – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses two enterprise funds to account for water and sewer operations. Both of the enterprise funds are reported as major funds.

The internal service fund is an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City’s internal service fund reports on the City’s self-insurance programs for employee medical benefits.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City’s fiduciary fund is a private purpose trust fund used to account for unclaimed monies.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a comparison of the City’s net position between December 31, 2020 and 2019:

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$15,026,536	\$13,936,434	\$7,367,104	\$7,306,731	\$22,393,640	\$21,243,165
Capital assets, Net	40,948,427	39,817,165	21,043,876	21,664,642	61,992,303	61,481,807
Total assets	55,974,963	53,753,599	28,410,980	28,971,373	84,385,943	82,724,972
Deferred Outflows of Resources	2,731,927	4,511,372	408,536	635,217	3,140,463	5,146,589
Net Pension Liability	10,965,206	13,679,800	1,518,303	1,842,912	12,483,509	15,522,712
Net OPEB Liability	3,011,551	2,855,141	988,696	817,640	4,000,247	3,672,781
Long-term debt outstanding	1,892,809	2,415,565	5,862,251	6,700,533	7,755,060	9,116,098
Other liabilities	632,170	591,673	219,352	168,717	851,522	760,390
Total liabilities	16,501,736	19,542,179	8,588,602	9,529,802	25,090,338	29,071,981
Deferred Inflows of Resources	4,152,762	2,526,227	463,380	41,873	4,616,142	2,568,100
Net position						
Net investment in Capital Assets	39,953,094	38,284,771	15,299,429	15,070,829	55,252,523	53,355,600
Restricted	2,581,575	2,825,835	0	0	2,581,575	2,825,835
Unrestricted	(4,482,277)	(4,914,041)	4,468,105	4,964,086	(14,172)	50,045
Total net position	\$38,052,392	\$36,196,565	\$19,767,534	\$20,034,915	\$57,819,926	\$56,231,480

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB liability (NOL) is reported by the City pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City'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.

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 City'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 City 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.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2020***

***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 City'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. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**

**Unaudited**

Changes in Net position – The following table shows the changes in net position for the year 2020 and 2019:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for Services and Sales	\$812,340	\$1,366,158	\$4,560,692	\$4,686,644	\$5,373,032	\$6,052,802
Operating Grants and Contributions	1,660,100	1,043,159	0	0	1,660,100	1,043,159
Capital Grants and Contributions	226,739	427,610	12,000	0	238,739	427,610
Total Program Revenues	2,699,179	2,836,927	4,572,692	4,686,644	7,271,871	7,523,571
General revenues:						
Property Taxes	1,641,616	1,594,279	0	0	1,641,616	1,594,279
Income Taxes	8,936,297	9,435,004	0	0	8,936,297	9,435,004
Intergovernmental Revenue, Unrestricted	419,163	481,600	0	0	419,163	481,600
Investment Earnings	367,937	464,517	11,974	16,784	379,911	481,301
Miscellaneous	393,280	159,327	0	0	393,280	159,327
Total General Revenues	11,758,293	12,134,727	11,974	16,784	11,770,267	12,151,511
Total Revenues	14,457,472	14,971,654	4,584,666	4,703,428	19,042,138	19,675,082
Program Expenses:						
Security of Persons and Property	6,740,798	1,773,820	0	0	6,740,798	1,773,820
Public Health and Welfare Services	58,522	57,943	0	0	58,522	57,943
Leisure Time Activities	987,154	1,650,984	0	0	987,154	1,650,984
Community Environment	389,513	358,163	0	0	389,513	358,163
Basic Utility Services	1,273	0	0	0	1,273	0
Transportation	2,220,098	1,674,486	0	0	2,220,098	1,674,486
General Government	2,165,634	1,757,402	0	0	2,165,634	1,757,402
Interest and Fiscal Charges	38,653	54,271	0	0	38,653	54,271
Business Type Activities:						
Water	0	0	2,434,601	2,296,946	2,434,601	2,296,946
Sewer	0	0	2,417,446	2,098,157	2,417,446	2,098,157
Total Expenses	12,601,645	7,327,069	4,852,047	4,395,103	17,453,692	11,722,172
Total Change in Net Position	1,855,827	7,644,585	(267,381)	308,325	1,588,446	7,952,910
Beginning Net Position	36,196,565	28,551,980	20,034,915	19,726,590	56,231,480	48,278,570
Ending Net Position	\$38,052,392	\$36,196,565	\$19,767,534	\$20,034,915	\$57,819,926	\$56,231,480

**Governmental Activities**

Net position of the City's governmental activities increased by \$1,855,827. Revenues decreased 3.4% and expenses increased 72%. The large fluctuation in expenses can be attributed to the large negative OPEB expense reported in the security of persons and property function in 2019.

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.

***Management’s Discussion and Analysis  
For the Year Ended December 31, 2020***

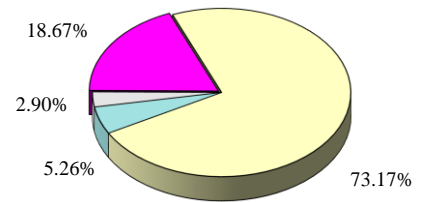
***Unaudited***

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The City also receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 11.4% and 61.8% respectively of revenues for governmental activities for the City in 2020. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 73.17% of total revenues from general tax revenues:

Revenue Sources	2020	Percent of Total
Intergovernmental Revenue, Unrestricted	\$419,163	2.90%
Program Revenues	2,699,179	18.67%
General Tax Revenues	10,577,913	73.17%
General Other	761,217	5.26%
Total Revenue	<u>\$14,457,472</u>	<u>100.00%</u>



***Business-Type Activities***

Net position of the business-type activities decreased by \$267,381. The 1.3% decrease in net position can be attributed primarily to increased expenses in 2020.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2020***

***Unaudited***

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$11,145,976, which is an increase from last year's balance of \$10,712,842. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2020 and 2019:

	Fund Balance December 31, 2020	Fund Balance December 31, 2019	Increase (Decrease)
General	\$5,784,780	\$5,496,415	\$288,365
Fire Levy	442,597	888,527	(445,930)
Capital Improvement Fund	2,116,452	1,867,498	248,954
Other Governmental	2,802,147	2,460,402	341,745
<b>Total</b>	<b>\$11,145,976</b>	<b>\$10,712,842</b>	<b>\$433,134</b>

General Fund – The City's General Fund balance increased 5.2% from 2019. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2020 Revenues	2019 Revenues	Increase (Decrease)
Taxes	\$8,473,840	\$8,913,605	(\$439,765)
Intergovernmental Revenue	440,562	418,675	21,887
Charges for Services	538,949	556,174	(17,225)
Licenses and Permits	184,862	176,181	8,681
Investment Earnings	362,277	452,312	(90,035)
Fines and Forfeitures	10,355	19,081	(8,726)
All Other Revenue	393,280	159,327	233,953
<b>Total</b>	<b>\$10,404,125</b>	<b>\$10,695,355</b>	<b>(\$291,230)</b>

General Fund revenues increased by 2.7% under 2019. Tax collections and investment earnings both decreased substantially as a result of the COVID-19 pandemic.



***Management's Discussion and Analysis  
For the Year Ended December 31, 2020***

***Unaudited***

	2020	2019	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$5,260,078	\$5,276,650	(\$16,572)
Public Health and Welfare Services	58,522	57,943	579
Leisure Time Activities	554,392	599,694	(45,302)
Community Environment	383,008	317,859	65,149
General Government	1,710,723	1,534,369	176,354
Debt Service:			
Principal Retirement	10,446	9,767	679
Interest and Fiscal Charges	1,502	2,181	(679)
Total	<u>\$7,978,671</u>	<u>\$7,798,463</u>	<u>\$180,208</u>

General Fund expenditures increased by \$180,208 or 2.3% over the prior year. Differences between all functions except general government are minor and the result of normal City operations. General government increases can be attributed to additional expenditure outlays related to COVID-19.

*Fire Levy Fund* – The balance of this fund increased by \$445,930 or 50.2% over the prior year primarily as a result of a shift of personnel expenditures being reported in the General Fund in 2020 versus 2019.

*Capital Improvement Fund* – The balance in this fund can vary depending upon the level of capital projects taking place in a given year. For 2020, the balance in this fund increased by \$248,954 primarily as a result of transfers from the General Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City'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.

The variances between the final budget and the actual revenues are solely the result of the City Auditor's decision to conservatively estimate revenues. The City increased its expenditure budget by \$1,894,734 to account for additional transfers out and Security of Persons and Property and General Government expenditures. The largest variances between the final budget and actual expenditures were \$510,973 in Security of Persons and Property and \$192,390 in Leisure Time Activities. The large variances in both of those functions are due to imposed expenditure restraints.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**

**Unaudited**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2020 the City had \$61,992,303 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$40,948,427 was related to governmental activities and \$21,043,876 to the business-type activities. The following table shows 2020 and 2019 balances:

	Governmental Activities		Increase (Decrease)
	2020	2019	
Land	\$10,198,981	\$10,198,981	\$0
Construction in Progress	538,227	427,610	110,617
Total Non-Depreciable Capital Assets	10,737,208	10,626,591	110,617
Buildings	6,635,038	6,635,038	0
Improvements Other Than Buildings	5,829,246	5,262,431	566,815
Machinery and Equipment	8,385,944	7,582,689	803,255
Infrastructure	33,975,985	33,145,381	830,604
Less: Accumulated Depreciation	(24,614,994)	(23,434,965)	(1,180,029)
Total Depreciable Capital Assets, Net	30,211,219	29,190,574	1,020,645
Totals	\$40,948,427	\$39,817,165	\$1,131,262

	Business-Type Activities		Increase (Decrease)
	2020	2019	
Land	\$985,374	\$985,374	\$0
Construction in Progress	158,316	89,477	68,839
Total Non-Depreciable Capital Assets	1,143,690	1,074,851	68,839
Buildings	17,018,225	17,018,225	0
Improvements Other Than Buildings	3,922,977	3,922,977	0
Machinery and Equipment	6,675,187	6,652,096	23,091
Infrastructure	19,782,363	19,535,125	247,238
Less: Accumulated Depreciation	(27,498,566)	(26,538,632)	(959,934)
Total Depreciable Capital Assets, Net	19,900,186	20,589,791	(689,605)
Totals	\$21,043,876	\$21,664,642	(\$620,766)

The largest increase in governmental activities capital assets occurred in infrastructure and was mainly a result of the City's Linnville Road and Hopewell Drive improvements.

Additional information on the City's capital assets can be found in Note 9.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2020***

***Unaudited***

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***Debt***

At December 31, 2020, the City had \$1,440,153 in bonds outstanding, \$588,007 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Governmental Activities:		
General Obligation Bonds	\$680,000	\$935,000
Installment Loans Payable	241,670	360,943
Capital Leases	73,663	236,351
Compensated Absences	897,476	883,271
Total Governmental Activities	<u>1,892,809</u>	<u>2,415,565</u>
Business-Type Activities:		
General Obligation Bonds	760,153	1,074,583
OWDA Loans	4,502,319	4,924,946
OPWC Loans	481,975	496,986
Capital Leases	0	97,298
Compensated Absences	117,804	106,720
Total Business-Type Activities	<u>5,862,251</u>	<u>6,700,533</u>
Totals	<u><u>\$7,755,060</u></u>	<u><u>\$9,116,098</u></u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which the City lies, is limited to ten mills. At December 31, 2020, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

**ECONOMIC FACTORS**

Income tax collections for 2020 decreased 5.3% from 2019.

In an effort to reduce expenses, capital projects and capital acquisitions were dramatically reduced, and only those items that were really necessary were appropriated. Also affecting the General Fund and budget are the upwardly spiraling health insurance costs.

City Council continues to review the possibility of increasing existing revenue sources.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Auditor's Office by calling (740) 522-1420 or writing to City of Heath Auditor's Office, 1287 Hebron Rd., Heath, Ohio 43056.

**CITY OF HEATH, OHIO**

**Statement of Net Position  
December 31, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 11,454,139	\$ 6,571,514	\$ 18,025,653
Receivables:			
Taxes	2,836,984	0	2,836,984
Accounts	8,604	490,062	498,666
Intergovernmental	519,506	0	519,506
Internal Balances	(186,447)	186,447	0
Inventory of Supplies at Cost	121,661	66,567	188,228
Prepaid Items	159,710	52,514	212,224
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	112,379	0	112,379
Non-Depreciable Capital Assets	10,737,208	1,143,690	11,880,898
Depreciable Capital Assets, Net	30,211,219	19,900,186	50,111,405
<b>Total Assets</b>	<b>55,974,963</b>	<b>28,410,980</b>	<b>84,385,943</b>
<b>Deferred Outflows of Resources:</b>			
Pension	1,688,220	239,153	1,927,373
OPEB	1,043,707	169,383	1,213,090
<b>Total Deferred Outflows of Resources</b>	<b>2,731,927</b>	<b>408,536</b>	<b>3,140,463</b>
<b>Liabilities:</b>			
Accounts Payable	149,698	135,717	285,415
Accrued Wages and Benefits Payable	370,862	75,794	446,656
Intergovernmental Payable	6,060	0	6,060
Claims Payable	99,227	0	99,227
Accrued Interest Payable	6,323	7,841	14,164
Noncurrent liabilities:			
Due within one year	595,972	806,441	1,402,413
Due in more than one year:			
Net Pension Liability	10,965,206	1,518,303	12,483,509
Net OPEB Liability	3,011,551	988,696	4,000,247
Other Amounts Due in More Than One Year	1,296,837	5,055,810	6,352,647
<b>Total Liabilities</b>	<b>16,501,736</b>	<b>8,588,602</b>	<b>25,090,338</b>

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	1,740,078	0	1,740,078
Pension	1,561,228	322,067	1,883,295
OPEB	851,456	141,313	992,769
<b>Total Deferred Inflows of Resources:</b>	<u>4,152,762</u>	<u>463,380</u>	<u>4,616,142</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	39,953,094	15,299,429	55,252,523
Restricted For:			
Security of Persons	781,134	0	781,134
Transportation	1,595,775	0	1,595,775
Leisure Time Activities	119,342	0	119,342
General Government	85,324	0	85,324
Unrestricted (Deficit)	(4,482,277)	4,468,105	(14,172)
<b>Total Net Position</b>	<u>\$ 38,052,392</u>	<u>\$ 19,767,534</u>	<u>\$ 57,819,926</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2020**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 6,740,798	\$ 598,446	\$ 158,173	\$ 25,844
Public Health and Welfare Services	58,522	0	0	0
Leisure Time Activities	987,154	16,217	0	11,681
Community Environment	389,513	90,144	0	0
Basic Utility Services	1,273	0	0	0
Transportation	2,220,098	90,352	961,277	184,893
General Government	2,165,634	17,181	540,650	4,321
Interest and Fiscal Charges	38,653	0	0	0
<b>Total Governmental Activities</b>	<b>12,601,645</b>	<b>812,340</b>	<b>1,660,100</b>	<b>226,739</b>
<b>Business-Type Activities:</b>				
Water	2,434,601	2,281,922	0	12,000
Sewer	2,417,446	2,278,770	0	0
<b>Total Business-Type Activities</b>	<b>4,852,047</b>	<b>4,560,692</b>	<b>0</b>	<b>12,000</b>
<b>Totals</b>	<b>\$ 17,453,692</b>	<b>\$ 5,373,032</b>	<b>\$ 1,660,100</b>	<b>\$ 238,739</b>

**General Revenues:**

Property Taxes  
Municipal Income Taxes  
Intergovernmental Revenues, Unrestricted  
Investment Earnings  
Miscellaneous  
Total General Revenues and Transfers  
  
Change in Net Position  
  
Net Position Beginning of Year  
  
Net Position End of Year

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ (5,958,335)	\$ 0	\$ (5,958,335)
(58,522)	0	(58,522)
(959,256)	0	(959,256)
(299,369)	0	(299,369)
(1,273)	0	(1,273)
(983,576)	0	(983,576)
(1,603,482)	0	(1,603,482)
(38,653)	0	(38,653)
<u>(9,902,466)</u>	<u>0</u>	<u>(9,902,466)</u>
0	(140,679)	(140,679)
0	(138,676)	(138,676)
<u>0</u>	<u>(279,355)</u>	<u>(279,355)</u>
<u>(9,902,466)</u>	<u>(279,355)</u>	<u>(10,181,821)</u>
1,641,616	0	1,641,616
8,936,297	0	8,936,297
419,163	0	419,163
367,937	11,974	379,911
393,280	0	393,280
<u>11,758,293</u>	<u>11,974</u>	<u>11,770,267</u>
1,855,827	(267,381)	1,588,446
<u>36,196,565</u>	<u>20,034,915</u>	<u>56,231,480</u>
<u>\$ 38,052,392</u>	<u>\$ 19,767,534</u>	<u>\$ 57,819,926</u>

**CITY OF HEATH, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2020**

	General	Fire Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$ 5,162,976	\$ 452,736	\$ 2,089,730	\$ 2,670,187	\$ 10,375,629
Receivables:					
Taxes	1,656,629	869,763	70,235	240,357	2,836,984
Accounts	8,604	0	0	0	8,604
Intergovernmental	84,225	29,355	0	405,926	519,506
Inventory of Supplies, at Cost	49,594	0	0	72,067	121,661
Prepaid Items	133,132	5,154	0	21,424	159,710
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	0	0	112,379	112,379
<b>Total Assets</b>	<b>\$ 7,095,160</b>	<b>\$ 1,357,008</b>	<b>\$ 2,159,965</b>	<b>\$ 3,522,340</b>	<b>\$ 14,134,473</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 70,151	\$ 0	\$ 33,663	\$ 45,884	\$ 149,698
Accrued Wages and Benefits Payable	258,328	15,293	0	97,241	370,862
Intergovernmental Payable	6,060	0	0	0	6,060
Compensated Absences Payable	73,590	0	0	0	73,590
<b>Total Liabilities</b>	<b>408,129</b>	<b>15,293</b>	<b>33,663</b>	<b>143,125</b>	<b>600,210</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Amounts	206,032	37,101	9,850	395,226	648,209
Property Tax Levy for Next Fiscal Year	696,219	862,017	0	181,842	1,740,078
<b>Total Deferred Inflows of Resources</b>	<b>902,251</b>	<b>899,118</b>	<b>9,850</b>	<b>577,068</b>	<b>2,388,287</b>
<b>Fund Balances:</b>					
Nonspendable	182,726	5,154	0	93,491	281,371
Restricted	0	437,443	0	1,717,361	2,154,804
Committed	0	0	2,116,452	991,295	3,107,747
Assigned	1,047,966	0	0	0	1,047,966
Unassigned	4,554,088	0	0	0	4,554,088
<b>Total Fund Balances</b>	<b>5,784,780</b>	<b>442,597</b>	<b>2,116,452</b>	<b>2,802,147</b>	<b>11,145,976</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,095,160</b>	<b>\$ 1,357,008</b>	<b>\$ 2,159,965</b>	<b>\$ 3,522,340</b>	<b>\$ 14,134,473</b>

See accompanying notes to the basic financial statements



***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2020***

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<b>Total Governmental Fund Balances</b>	\$ 11,145,976
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	40,948,427
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.	648,209
Long-term liabilities, including bonds payable and interest, are not due and payable in the current period and therefore are not reported in the funds.	(1,825,542)
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.	(13,657,514)
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. This is the balance that is recorded in the governmental activities.	<u>792,836</u>
<b><i>Net Position of Governmental Activities</i></b>	<b><u><u>\$ 38,052,392</u></u></b>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2020**

	General	Fire Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 8,473,840	\$ 816,037	\$ 616,435	\$ 665,665	\$ 10,571,977
Intergovernmental Revenues	440,562	54,258	226,739	1,432,683	2,154,242
Charges for Services	538,949	0	0	8,290	547,239
Licenses and Permits	184,862	0	0	0	184,862
Investment Earnings	362,277	1,583	0	4,077	367,937
Fines and Forfeitures	10,355	0	0	18,704	29,059
All Other Revenue	393,280	30,587	30,769	77,796	532,432
<b>Total Revenues</b>	<b>10,404,125</b>	<b>902,465</b>	<b>873,943</b>	<b>2,207,215</b>	<b>14,387,748</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	5,260,078	1,159,001	268,014	601,193	7,288,286
Public Health and Welfare Services	58,522	0	0	0	58,522
Leisure Time Activities	554,392	0	106,400	47,697	708,489
Community Environment	383,008	0	0	0	383,008
Basic Utility Services	0	0	1,273	0	1,273
Transportation	0	0	1,667,973	1,081,255	2,749,228
General Government	1,710,723	0	39,361	455,326	2,205,410
Debt Service:					
Principal Retirement	10,446	181,885	0	344,630	536,961
Interest and Fiscal Charges	1,502	7,509	0	35,935	44,946
<b>Total Expenditures</b>	<b>7,978,671</b>	<b>1,348,395</b>	<b>2,083,021</b>	<b>2,566,036</b>	<b>13,976,123</b>
Excess (Deficiency) of Revenues Over Expenditures	2,425,454	(445,930)	(1,209,078)	(358,821)	411,625
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	1,458,032	691,134	2,149,166
Transfers Out	(2,149,166)	0	0	0	(2,149,166)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,149,166)</b>	<b>0</b>	<b>1,458,032</b>	<b>691,134</b>	<b>0</b>
Net Change in Fund Balances	276,288	(445,930)	248,954	332,313	411,625
<b>Fund Balances at Beginning of Year</b>	<b>5,496,415</b>	<b>888,527</b>	<b>1,867,498</b>	<b>2,460,402</b>	<b>10,712,842</b>
Change in Inventory Reserve	12,077	0	0	9,432	21,509
<b>Fund Balances End of Year</b>	<b>\$ 5,784,780</b>	<b>\$ 442,597</b>	<b>\$ 2,116,452</b>	<b>\$ 2,802,147</b>	<b>\$ 11,145,976</b>

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2020***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 411,625

***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 capital outlay exceeded depreciation. 1,148,355

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (17,093)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 69,724

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 840,939

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,663,316)

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position. 536,961

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 6,293

Some expenses reported in the statement of activities, such as change in inventory and compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 65,741

The Internal Service Fund is used to charge the cost of services (e.g. insurance) to individual funds and is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the City's Internal Service Fund is allocated among the governmental activities. 456,598

***Change in Net Position of Governmental Activities*** \$ 1,855,827

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 8,081,813	\$ 7,379,384	\$ 8,388,862	\$ 1,009,478
Intergovernmental Revenue	455,683	471,860	441,036	(30,824)
Charges for Services	505,350	505,350	538,949	33,599
Licenses and Permits	79,200	139,505	184,862	45,357
Investment Earnings	200,000	200,000	177,468	(22,532)
Fines and Forfeitures	12,200	12,200	10,798	(1,402)
All Other Revenues	75,600	85,039	392,470	307,431
Total Revenues	<u>9,409,846</u>	<u>8,793,338</u>	<u>10,134,445</u>	<u>1,341,107</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	5,774,749	5,874,974	5,364,001	510,973
Public Health and Welfare Services	58,000	58,522	58,522	0
Leisure Time Activities	770,086	773,226	580,836	192,390
Community Environment	551,119	555,365	444,094	111,271
General Government	1,808,474	1,818,909	1,657,264	161,645
Total Expenditures	<u>8,962,428</u>	<u>9,080,996</u>	<u>8,104,717</u>	<u>976,279</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	447,418	(287,658)	2,029,728	2,317,386
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(643,000)	(2,149,166)	(2,149,166)	0
Total Other Financing Sources (Uses):	<u>(643,000)</u>	<u>(2,149,166)</u>	<u>(2,149,166)</u>	<u>0</u>
Net Change in Fund Balance	(195,582)	(2,436,824)	(119,438)	2,317,386
Fund Balance at Beginning of Year	4,651,589	4,651,589	4,651,589	0
Prior Year Encumbrances	178,522	178,522	178,522	0
Fund Balance at End of Year	<u>\$ 4,634,529</u>	<u>\$ 2,393,287</u>	<u>\$ 4,710,673</u>	<u>\$ 2,317,386</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Fire Levy Fund  
For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 791,413	\$ 820,626	\$ 816,037	\$ (4,589)
Intergovernmental Revenue	57,834	57,834	54,258	(3,576)
Investment Earnings	0	0	1,583	1,583
All Other Revenues	5,000	5,000	30,107	25,107
Total Revenues	<u>854,247</u>	<u>883,460</u>	<u>901,985</u>	<u>18,525</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,229,170	1,229,170	1,159,024	70,146
Debt Service:				
Principal Retirement	183,000	183,000	181,708	1,292
Interest and Fiscal Charges	8,000	8,000	7,686	314
Total Expenditures	<u>1,420,170</u>	<u>1,420,170</u>	<u>1,348,418</u>	<u>71,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(565,923)	(536,710)	(446,433)	90,277
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	480	480
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>480</u>	<u>480</u>
Net Change in Fund Balance	(565,923)	(536,710)	(445,953)	90,757
Fund Balance at Beginning of Year	342,923	342,923	342,923	0
Prior Year Encumbrances	550,038	550,038	550,038	0
Fund Balance at End of Year	<u>\$ 327,038</u>	<u>\$ 356,251</u>	<u>\$ 447,008</u>	<u>\$ 90,757</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2020**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
<b>ASSETS:</b>				
Current assets:				
Equity in Pooled Cash and Investments	\$ 2,582,953	\$ 3,988,561	\$ 6,571,514	\$ 1,078,510
Receivables:				
Accounts	228,202	261,860	490,062	0
Inventory of Supplies at Cost	58,821	7,746	66,567	0
Prepaid Items	27,514	25,000	52,514	0
Total current assets	2,897,490	4,283,167	7,180,657	1,078,510
Noncurrent assets:				
Non-Depreciable Capital Assets	942,083	201,607	1,143,690	0
Depreciable Capital Assets, Net	11,243,503	8,656,683	19,900,186	0
Total noncurrent assets	12,185,586	8,858,290	21,043,876	0
Total Assets	15,083,076	13,141,457	28,224,533	1,078,510
<b>Deferred Outflows of Resources:</b>				
Pension	122,781	116,372	239,153	0
OPEB	86,965	82,418	169,383	0
<b>Total Deferred Outflows of Resources</b>	209,746	198,790	408,536	0
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	34,600	101,117	135,717	0
Accrued Wages and Benefits Payable	39,084	36,710	75,794	0
Claims Payable	0	0	0	99,227
Accrued Interest Payable	7,841	0	7,841	0
General Obligation Bonds Payable - Current	323,007	0	323,007	0
OWDA Loans Payable - Current	57,030	379,772	436,802	0
OPWC Loans Payable - Current	26,546	3,476	30,022	0
Compensated Absences Payable - Current	10,097	6,513	16,610	0
Total current liabilities	498,205	527,588	1,025,793	99,227

**CITY OF HEATH, OHIO**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
Noncurrent liabilities:				
General Obligation Bonds Payable	437,146	0	437,146	0
OWDA Loans Payable	1,106,556	2,958,961	4,065,517	0
OPWC Loans Payable	391,146	60,807	451,953	0
Compensated Absences Payable	44,230	56,964	101,194	0
Net Pension Liability	779,681	738,622	1,518,303	0
Net OPEB Liability	507,717	480,979	988,696	0
Total noncurrent liabilities	<u>3,266,476</u>	<u>4,296,333</u>	<u>7,562,809</u>	<u>0</u>
Total Liabilities	<u>3,764,681</u>	<u>4,823,921</u>	<u>8,588,602</u>	<u>99,227</u>
<b>Deferred Inflows of Resources:</b>				
Pension	165,388	156,679	322,067	0
OPEB	72,563	68,750	141,313	0
<b>Total Deferred Inflows of Resources</b>	<u>237,951</u>	<u>225,429</u>	<u>463,380</u>	<u>0</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	9,844,155	5,455,274	15,299,429	0
Unrestricted	1,446,035	2,835,623	4,281,658	979,283
Total net position	<u>\$ 11,290,190</u>	<u>\$ 8,290,897</u>	<u>19,581,087</u>	<u>\$ 979,283</u>
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	186,447
			Net Position of Business-type Activities	<u>\$ 19,767,534</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2020**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
<b>Operating Revenues:</b>				
Charges for Services	\$ 2,241,502	\$ 2,237,173	\$ 4,478,675	\$ 1,407,917
Other Operating Revenue	40,420	41,597	82,017	1,160,823
<b>Total Operating Revenues</b>	<u>2,281,922</u>	<u>2,278,770</u>	<u>4,560,692</u>	<u>2,568,740</u>
<b>Operating Expenses:</b>				
Personal Services	1,134,471	1,036,373	2,170,844	0
Contractual Services	390,370	820,391	1,210,761	0
Materials and Supplies	323,457	95,393	418,850	0
Health Claims Expense	0	0	0	2,001,542
Depreciation	584,764	409,914	994,678	0
<b>Total Operating Expenses</b>	<u>2,433,062</u>	<u>2,362,071</u>	<u>4,795,133</u>	<u>2,001,542</u>
<b>Operating Income (Loss)</b>	(151,140)	(83,301)	(234,441)	567,198
<b>Non-operating Revenue (Expenses):</b>				
Intergovernmental Revenues	12,000	0	12,000	0
Investment Earnings	375	11,599	11,974	0
Interest and Fiscal Charges	(58,594)	(108,439)	(167,033)	0
Loss on Disposal of Capital Assets	(481)	0	(481)	0
<b>Total Non-operating Revenues (Expenses)</b>	<u>(46,700)</u>	<u>(96,840)</u>	<u>(143,540)</u>	<u>0</u>
<b>Change in Net Position</b>	(197,840)	(180,141)	(377,981)	567,198
<b>Net Position Beginning of Year</b>	<u>11,488,030</u>	<u>8,471,038</u>	<u>19,959,068</u>	<u>412,085</u>
<b>Net Position End of Year</b>	<u>\$ 11,290,190</u>	<u>\$ 8,290,897</u>	<u>19,581,087</u>	<u>\$ 979,283</u>
			Change in Net Position - Total Enterprise Funds	(377,981)
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	110,600
			Change in Net Position - Business-type Activities	<u>\$ (267,381)</u>

See accompanying notes to the basic financial statements





**CITY OF HEATH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020**

	Business-Type Activities Enterprise Funds			Governmental- Activities Internal Service Fund
	Water	Sewer	Total	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,246,072	\$2,262,208	\$4,508,280	\$0
Cash Received from Interfund Services	0	0	0	1,407,917
Cash Payments for Goods and Services	(587,383)	(918,654)	(1,506,037)	(2,090,047)
Cash Payments to Employees	(854,122)	(802,050)	(1,656,172)	0
Other Operating Cash Receipts	40,420	41,597	82,017	1,160,823
Net Cash Provided by Operating Activities	<u>844,987</u>	<u>583,101</u>	<u>1,428,088</u>	<u>478,693</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal Paid on General Obligation Bonds	(314,430)	0	(314,430)	0
Principal Paid on Capital Lease Payable	(97,298)	0	(97,298)	0
Acquisition and Construction of Assets	(295,709)	(36,363)	(332,072)	0
Principal Paid on Ohio Water Development Authority Loans	(55,785)	(366,842)	(422,627)	0
Principal Paid on Ohio Public Works Commission Loans	(13,273)	(1,738)	(15,011)	0
Receipt of Intergovernmental Grant	12,000	0	12,000	0
Interest Paid on All Debt	(63,124)	(108,439)	(171,563)	0
Net Cash Used for Capital and Related Financing Activities	<u>(827,619)</u>	<u>(513,382)</u>	<u>(1,341,001)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	1,800,815	2,742,942	4,543,757	0
Receipts of Interest	375	11,599	11,974	0
Net Cash Provided for Investing Activities	<u>1,801,190</u>	<u>2,754,541</u>	<u>4,555,731</u>	<u>0</u>
Net Increase in Cash and Cash Equivalents	1,818,558	2,824,260	4,642,818	478,693
Cash and Cash Equivalents at Beginning of Year	764,395	1,164,301	1,928,696	599,817
Cash and Cash Equivalents at End of Year	<u>\$2,582,953</u>	<u>\$3,988,561</u>	<u>\$6,571,514</u>	<u>\$1,078,510</u>

**CITY OF HEATH, OHIO**

	Business-Type Activities Enterprise Funds			Governmental- Activities
	Water	Sewer	Total	Internal Service Fund
<u>Reconciliation of Operating Loss to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Loss	(\$151,140)	(\$83,301)	(\$234,441)	\$567,198
Adjustments to Reconcile Operating Income to				
Net Cash Provided by Operating Activities:				
Depreciation Expense	584,764	409,914	994,678	0
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	4,570	25,035	29,605	0
Decrease in Inventory	131,957	865	132,822	0
(Increase) in Prepaid Items	(9,740)	(3,399)	(13,139)	0
Decrease in Deferred Outflows - Pension	164,309	162,569	326,878	0
(Increase) in Deferred Outflows - OPEB	(51,875)	(48,322)	(100,197)	0
Increase (Decrease) in Accounts Payable	2,626	(2,671)	(45)	(2,421)
Decrease in Health Claims Payable	0	0	0	(86,084)
Increase in Accrued Wages and Benefits Payable	6,500	6,389	12,889	0
Increase in Compensated Absences Payable	8,303	2,781	11,084	0
Increase in Deferred Inflows - Pension	148,600	140,333	288,933	0
Increase in Deferred Inflows - OPEB	68,143	64,431	132,574	0
(Decrease) in Net Pension Liability	(155,041)	(169,568)	(324,609)	0
Increase in Net OPEB Liability	93,011	78,045	171,056	0
Total Adjustments	996,127	666,402	1,662,529	(88,505)
Net Cash Provided by Operating Activities	\$844,987	\$583,101	\$1,428,088	\$478,693

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2020 the Sewer Fund had a liability of \$69,822 for the purchase of capital assets.

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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**Statement of Net Position  
Fiduciary Fund  
December 31, 2020**

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	Private Purpose Trust
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$ 13,210
<b>Total Assets</b>	<u>13,210</u>
<b>Liabilities:</b>	
<b>Total Liabilities</b>	<u>0</u>
<b>Net Position:</b>	
Unrestricted	13,210
<b>Total Net Position</b>	<u>\$ 13,210</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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**Statement of Changes in Net Position  
Fiduciary Fund  
For the Year Ended December 31, 2020**

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	Private Purpose Trust
<b>Additions:</b>	
Contributions	\$ 5,449
Total Additions	<u>5,449</u>
<b>Deductions:</b>	
Total Deductions	<u>0</u>
Change in Net Position	5,449
Net Position at Beginning of Year	<u>7,761</u>
Net Position End of Year	<u><u>\$ 13,210</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

The City of Heath, Ohio (the "City") is a home rule municipal corporation created under the laws of the State of Ohio. Heath was first incorporated as a village on March 21, 1952 and achieved city status on April 28, 1965. The City currently operates under and is governed by its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted in 1964.

The financial statements are presented as of December 31, 2020 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "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 financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

**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, liabilities, deferred inflows of resources and fund balances, revenues and expenditures (expenses). The following fund types are used by the City:

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

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

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

Fire Levy Fund – This fund is used to account for property tax collected and designated for the operations of the Fire Department.

Capital Improvement Fund – This fund is used to account for the major capital projects undertaken by the City.

***Proprietary Funds*** - All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's two major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Internal Service Fund - This fund is used to account for health insurance services provided to other departments or agencies of the governmental unit on a cost-reimbursement basis.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The City's only fiduciary fund is a private-purpose trust that accounts for unclaimed monies.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City’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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segments or governmental function is self-financing or draws from the general revenues of the City. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities and deferred inflows of resources, 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.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**C. Basis of Presentation – Financial Statements (Continued)**

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

**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 City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for debt service and expenditures related to compensated absences which are recorded only when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 2020 but which are not intended to finance 2020 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 6.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**D. Basis of Accounting** (Continued)

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

**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 ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is by fund at the object level (personal services, materials and supplies, contractual services, etc.) by department. Budgetary modifications may only be made by ordinance of the City Council.

**1. Estimated Resources**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do 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 January 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 2020.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**E. Budgetary Process (Continued)**

**2. Appropriations**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level and may be modified during the year by Ordinance of City Council. Total fund appropriations may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. During 2020, several supplemental appropriations were necessary to budget for unanticipated expenditures. Administrative control is maintained through the establishment of more detailed line-item budgets. Funds may be moved from one line-item account to another within the same object without approval of City Council. The City Auditor maintains an accounting of the line-item expenditures to insure that the total expenditures within a department by object do not exceed approved appropriations. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures, which appear on the budgetary statements, are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

**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 year and need not be reappropriated.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**E. Budgetary Process (Continued)**

4. Budgetary Basis of Accounting

The City'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 and Fire Levy Fund is shown below:

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis (as reported)	\$276,288	(\$445,930)
Increase (Decrease):		
Accrued Revenues at December 31, 2019 received during 2020	(1,080,422)	0
Accrued Revenues at December 31, 2019 received during 2020	810,742	0
Accrued Expenditures at December 31, 2019 paid during 2020	408,129	15,293
Accrued Expenditures at December 31, 2019 paid during 2020	(300,839)	(11,849)
2019 Prepays for 2020	118,884	7,415
2020 Prepays for 2011	(133,132)	(5,154)
Outstanding Encumbrances	(219,088)	(5,728)
Budget Basis	<u>(\$119,438)</u>	<u>(\$445,953)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**F. Cash and Cash Equivalents**

During year 2020, cash and cash equivalents included amounts in demand deposits, certificates of deposit and Money Market accounts.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had 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" and GASB Statement No. 72, "Fair Value Measurement and Application", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported 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.

**H. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental fund when purchased and as expenses in the proprietary funds when used.

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2020, 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**J. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

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

Governmental Activities capital assets are those not directly related to the business-type 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.

Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when 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.

Capital assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of governmental activities infrastructure include roads, curbs, sidewalks and storm sewers. 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.

**2. Property, Plant and Equipment – Business-Type Activities**

Proprietary funds capital assets are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at acquisition value at the date received. Proprietary funds capital assets are similar to Governmental Activities capital assets with the exception of the infrastructure. Proprietary infrastructure consists of water and sewer lines. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**J. Capital Assets and Depreciation (Continued)**

3. 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:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	15 – 40
Improvements Other Than Buildings	50
Machinery and Equipment	5 – 10
Infrastructure	15 - 100

**K. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Swimming Pool Fund, Debt Service Fund, Water Fund
Installment Loans Payable	Debt Service Fund
Capital Leases	Street Construction, Maintenance and Repair Fund, Fire Levy Fund, Water Fund
Ohio Water Development Authority Loans	Water Fund, Sewer Fund
Ohio Public Works Commission Loan	Water Fund, Sewer Fund
Net Pension/OPEB Liability	General Fund, Street Construction, Maintenance and Repair Fund, Swimming Pool Fund, Fire Pension Fund, Police Pension Fund, Water Fund, Sewer Fund
Compensated Absences	General Fund, Street Construction, Maintenance and Repair Fund, Fire Levy Fund, Water Fund, Sewer Fund

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**L. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities 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. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, if a portion of unpaid compensated absences has matured as of year end, it is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

**M. Restricted Assets**

Cash with fiscal agent is classified as restricted assets on the balance sheet because these funds are being held for specified purposes.

**N. Pension/OPEB**

The provision for pension/OPEB cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension/OPEB 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 systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

**O. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution and wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**P. Self-Funded Insurance**

The City is self-funded for employee health care benefits. The program is administered by Medical Benefit Administrators Inc., which provides claims review and processing services. Each City fund is charged for its proportionate share of covered employees. The City records a liability in claims payable for incurred but unreported claims at year end based upon an analysis of historical claims and expenses.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Flows of cash or goods from one fund to another with a requirement for repayment are reported as Interfund Loans Receivable/Payable. There were no outstanding interfund loans at December 31, 2020. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

**R. Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

**R. Fund Balance (Continued)**

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Charter authorizes the City Auditor to assign fund balance.

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

**S. 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 and improvement of those assets, increased by unspent debt proceeds which existed at December 31, 2020. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports for deferred pension/OPEB amounts. Deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows.

In addition, the governmental funds balance sheet 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, income taxes and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

**U. Fair Value**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2020, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, “Certain Asset Retirement Obligations,” Statement No. 84, “Fiduciary Activities,” Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,” and Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.”

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

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

GASB Statement No. 88 revises the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements.

GASB Statement No. 90 establishes criteria for reporting a government’s majority equity interest in a legally separate organization.

These changes were incorporated in the City’s 2020 financial statements; however, there was no effect on beginning net position/fund balance.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 3 – FUND BALANCE CLASSIFICATION**

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the 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	Fire Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$133,132	\$5,154	\$0	\$21,424	\$159,710
Supplies Inventory	49,594	0	0	72,067	121,661
Total Nonspendable	<u>182,726</u>	<u>5,154</u>	<u>0</u>	<u>93,491</u>	<u>281,371</u>
Restricted:					
Transportation Projects	0	0	0	1,180,383	1,180,383
Park Maintenance	0	0	0	119,342	119,342
COVID Grant	0	0	0	85,324	85,324
Law Enforcement	0	0	0	199,746	199,746
Fire Department	0	437,443	0	132,576	570,019
Total Restricted	<u>0</u>	<u>437,443</u>	<u>0</u>	<u>1,717,371</u>	<u>2,154,814</u>
Committed:					
Debt Service	0	0	0	960,634	960,634
Swimming Pool	0	0	0	30,661	30,661
Capital Improvements	0	0	2,116,452	0	2,116,452
Total Committed	<u>0</u>	<u>0</u>	<u>2,116,452</u>	<u>991,295</u>	<u>3,107,747</u>
Assigned:					
Goods and Services	199,574	0	0	0	199,574
Projected Budget Deficit	848,392	0	0	0	848,392
Total Assigned	<u>1,047,966</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,047,966</u>
Unassigned:					
Unassigned	4,554,088	0	0	0	4,554,088
Total Fund Balances	<u>\$5,784,780</u>	<u>\$442,597</u>	<u>\$2,116,452</u>	<u>\$2,802,157</u>	<u>\$11,145,986</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

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

*Other long-term assets not available to pay for current-period expenditures:*

Delinquent Income Tax Revenue	\$151,544
Delinquent Property Tax Revenue	16,360
Shared Revenues	480,305
	<u>\$648,209</u>

*Long-Term liabilities not reported in the funds:*

General Obligation Bonds Payable	(\$680,000)
Installment Loans Payable	(241,670)
Capital Leases Payable	(73,663)
Accrued Interest on Long-Term Debt	(6,323)
Compensated Absences Payable	(823,886)
	<u>(\$1,825,542)</u>

*Net pension and OPEB liabilities/deferred inflows/outflows:*

Deferred Outflows - Pension	\$1,688,220
Deferred Outflows - OPEB	1,043,707
Net Pension Liability	(10,965,206)
Net OPEB Liability	(3,011,551)
Deferred Inflows - Pension	(1,561,228)
Deferred Inflows - OPEB	(851,456)
	<u>(\$13,657,514)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. 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 capital outlay exceeded depreciation in the current period:*

Capital Outlay	\$2,469,755
Depreciation Expense	(1,321,400)
	<u>\$1,148,355</u>

*Governmental revenues not reported in the funds:*

Increase in Delinquent Income Tax Revenue	\$7,182
Increase in Delinquent Property Tax	(1,246)
Increase in Shared Revenue	63,788
	<u>\$69,724</u>

*Contractually required contributions reported as deferred outflows:*

Pension	\$827,231
OPEB	13,708
	<u>\$840,939</u>

*Pension and OPEB expense:*

Pension	(\$1,452,948)
OPEB	(210,368)
	<u>(\$1,663,316)</u>

*Net amount of long-term debt issuance and bond and lease principal payments:*

General Obligation Bond Principal	\$255,000
Installment Loan Payment	119,273
Capital Lease Payments	162,688
	<u>\$536,961</u>

*Expenses not requiring the use of current financial resources:*

Decrease in Compensated Absences Payable	\$44,232
Increase in supplies inventory	21,509
	<u>\$65,741</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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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 and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use, but 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;



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

- Written repurchase agreements in the securities listed above provided that the fair 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;
- Time certificates of deposit or savings or deposit accounts including, but not limited to passbook accounts;
- Bonds and other obligations of the State of Ohio or Ohio local governments;
- 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, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**A. Deposits**

At year end the carrying amount of the City's deposits was \$6,121,848 and the bank balance was \$6,249,877. Federal depository insurance covered \$500,000 of the bank balance and \$5,749,877 was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

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

**B. Investments**

The City's investments at December 31, 2020 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
FNMA	\$529,135	AA+	Level 2	4.45%	\$0	\$279,022	\$250,113
FHLB	1,006,492	AA+	Level 2	8.46%	0	101,447	905,045
FHLMC	698,396	AA+	Level 2	5.87%	0	0	698,396
FFCB	2,133,631	AA+	Level 2	17.92%	0	1,718,630	415,001
Commercial Paper	1,904,944	AA+	Level 2	16.00%	1,904,944	0	0
Negotiable C/D's	5,631,207	AAA <sup>1</sup>	Level 2	47.32%	308,364	5,115,039	207,804
Total Investments	<u>\$11,903,805</u>			<u>100.00%</u>	<u>\$2,213,308</u>	<u>\$7,214,138</u>	<u>\$2,476,359</u>

\*- Credit rating from Standard & Poor's

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City has no policy on interest rate risk and is governed by Ohio Revised Code as described under Deposits.

*Investment Credit Risk* – The City 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 City places no limit on the amount the City may invest in one issuer.

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

**C. Cash With Fiscal Agent**

The City has uninsured and uncollateralized cash in the amount of \$112,379 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 6 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2020 were levied after October 1, 2019 on assessed values as of January 1, 2019, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised fair value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed in 2020. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as the real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Heath. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2020 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2020 levy was based was \$335,534,111. This amount constitutes \$311,443,661 in real property assessed value and \$22,090,450 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .640% (6.40 mills) of assessed value.

Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the General Fund, Fire Levy Fund, Fire Pension Fund and Police Pension Fund, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is recorded as a deferred inflow of resources.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

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**NOTE 6 - TAXES (Continued)**

**B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2020 consisted of taxes, accounts receivables and intergovernmental receivables arising from shared revenues.

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2020:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$2,149,166
Capital Improvement Fund	1,458,032	0
Other Governmental Funds	691,134	0
Totals	<u>\$2,149,166</u>	<u>\$2,149,166</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to transfer capital assets. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2020:

<i>Historical Cost:</i>	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Class				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$10,198,981	\$0	\$0	\$10,198,981
Construction in Progress	427,610	538,227	(427,610)	538,227
Subtotal	<u>10,626,591</u>	<u>538,227</u>	<u>(427,610)</u>	<u>10,737,208</u>
<b>Depreciable Capital Assets:</b>				
Buildings	6,635,038	0	0	6,635,038
Improvements other than Buildings	5,262,431	566,815	0	5,829,246
Machinery and Equipment	7,582,689	961,719	(158,464)	8,385,944
Infrastructure	33,145,381	830,604	0	33,975,985
Subtotal	<u>52,625,539</u>	<u>2,359,138</u>	<u>(158,464)</u>	<u>54,826,213</u>
Total Cost	<u>\$63,252,130</u>	<u>\$2,897,365</u>	<u>(\$586,074)</u>	<u>\$65,563,421</u>
<b>Accumulated Depreciation:</b>				
Class	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Buildings	(\$3,791,485)	(\$129,450)	\$0	(\$3,920,935)
Improvements other than Buildings	(3,238,816)	(221,495)	0	(3,460,311)
Machinery and Equipment	(4,884,636)	(400,501)	141,371	(5,143,766)
Infrastructure	(11,520,028)	(569,954)	0	(12,089,982)
Total Depreciation	<u>(\$23,434,965)</u>	<u>(\$1,321,400)*</u>	<u>\$141,371</u>	<u>(\$24,614,994)</u>
<b>Net Value:</b>	<u>\$39,817,165</u>			<u>\$40,948,427</u>

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

Security of Persons and Property	\$343,112
Leisure Time Activities	257,449
Community Environment	9,646
Transportation	702,685
General Government	8,508
Total Depreciation Expense	<u>\$1,321,400</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 9 - CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2020:

<i>Historical Cost:</i>	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Class				
<b><i>Non-Depreciable Capital Assets:</i></b>				
Land	\$985,374	\$0	\$0	\$985,374
Construction in Progress	89,477	68,839	0	158,316
Subtotal	<u>1,074,851</u>	<u>68,839</u>	<u>0</u>	<u>1,143,690</u>
<b><i>Depreciable Capital Assets:</i></b>				
Buildings	17,018,225	0	0	17,018,225
Improvements Other Than Buildings	3,922,977	0	0	3,922,977
Machinery and Equipment	6,652,096	58,316	(35,225)	6,675,187
Infrastructure	19,535,125	247,238	0	19,782,363
Subtotal	<u>47,128,423</u>	<u>305,554</u>	<u>(35,225)</u>	<u>47,398,752</u>
Total Cost	<u>\$48,203,274</u>	<u>\$374,393</u>	<u>(\$35,225)</u>	<u>\$48,542,442</u>
<b><i>Accumulated Depreciation:</i></b>				
Class	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Buildings	(\$9,009,386)	(\$426,237)	\$0	(\$9,435,623)
Improvements Other Than Buildings	(2,031,579)	(120,354)	0	(2,151,933)
Machinery and Equipment	(5,245,743)	(156,434)	34,744	(5,367,433)
Infrastructure	(10,251,924)	(291,653)	0	(10,543,577)
Total Depreciation	<u>(\$26,538,632)</u>	<u>(\$994,678)</u>	<u>\$34,744</u>	<u>(\$27,498,566)</u>
<b><i>Net Value:</i></b>	<u>\$21,664,642</u>			<u>\$21,043,876</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

***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 City’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 City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City 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.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Law Enforcement</u>
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	18.1 %
Employee	10.0 %	*
<b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$380,086 for 2020.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2020 through December 31, 2020	12.25 %	12.25 %
<b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2020 through December 31, 2020	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$581,338 for 2020.

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

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,300,418	\$8,183,091	\$12,483,509
Proportion of the Net Pension Liability-2020	0.021757%	0.121473%	
Proportion of the Net Pension Liability-2019	<u>0.021340%</u>	<u>0.118566%</u>	
Percentage Change	<u>0.0004170%</u>	<u>0.0029070%</u>	
Pension Expense	\$760,006	\$1,118,337	\$1,878,343

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$229,695	\$200,875	\$430,570
Differences between expected and actual experience	0	309,756	309,756
Change in proportionate share	69,103	156,520	225,623
City contributions subsequent to the measurement date	380,086	581,338	961,424
Total Deferred Outflows of Resources	<u>\$678,884</u>	<u>\$1,248,489</u>	<u>\$1,927,373</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$857,840	\$395,313	\$1,253,153
Differences between expected and actual experience	54,372	422,034	476,406
Change in proportionate share	0	153,736	153,736
Total Deferred Inflows of Resources	<u>\$912,212</u>	<u>\$971,083</u>	<u>\$1,883,295</u>

\$961,424 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2021	(\$50,890)	(\$76,626)	(\$127,516)
2022	(257,430)	(26,011)	(283,441)
2023	35,524	153,999	189,523
2024	(340,618)	(332,690)	(673,308)
2025	0	(22,604)	(22,604)
Total	<u>(\$613,414)</u>	<u>(\$303,932)</u>	<u>(\$917,346)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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. The total pension liability in the December 31, 2019 and December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>December 31, 2019</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	1.4 percent simple through 2020. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age
	<u>December 31, 2018</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2% for 2019.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

***Discount Rate*** The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$7,092,782	\$4,300,418	\$1,790,166

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

**Actuarial Assumptions – OPF**

OPF’s total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2019, compared with January 1, 2018, are presented below.

	January 1, 2019	January 1, 2018
Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

For the January 1, 2019 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2019 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2019 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
<b>Total</b>	<b>120.00 %</b>	

\* levered 2x

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

***Discount Rate*** For 2019, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2018 was 8.00 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 longer-term assumed investment rate of return 8.00 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, a 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 City'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 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$11,341,479	\$8,183,091	\$5,541,412

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

The net OPEB liability reported on the statement of net position represents a liability to employees 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 represents the City’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 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 City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City 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. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2020.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$13,708 for 2020.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$2,800,366	\$1,199,881	\$4,000,247
Proportion of the Net OPEB Liability-2020	0.020274%	0.121473%	
Proportion of the Net OPEB Liability-2019	<u>0.019889%</u>	<u>0.118566%</u>	
Percentage Change	<u>0.0003850%</u>	<u>0.0029070%</u>	
OPEB Expense	\$319,312	\$94,489	\$413,801

**CITY OF HEATH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

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

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$443,268	\$701,497	\$1,144,765
Differences between expected and actual experience	75	0	75
Change in proportionate share	37,286	17,256	54,542
City contributions subsequent to the measurement date	0	13,708	13,708
Total Deferred Outflows of Resources	<u>\$480,629</u>	<u>\$732,461</u>	<u>\$1,213,090</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	\$142,593	\$55,213	\$197,806
Differences between expected and actual experience	256,107	129,034	385,141
Changes in assumptions	0	255,713	255,713
Change in proportionate share	1,690	152,419	154,109
Total Deferred Inflows of Resources	<u>\$400,390</u>	<u>\$592,379</u>	<u>\$992,769</u>

\$13,708 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2021	\$95,299	\$17,708	\$113,007
2022	45,756	17,709	63,465
2023	115	29,034	29,149
2024	(60,931)	11,181	(49,750)
2025	0	21,511	21,511
2026	0	17,750	17,750
2027	0	11,481	11,481
Total	<u>\$80,239</u>	<u>\$126,374</u>	<u>\$206,613</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.5 percent initial, 3.5 percent ultimate in 2030
Prior Measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

**Discount Rate** A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$3,664,728	\$2,800,366	\$2,108,293

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$2,717,730	\$2,800,366	\$2,881,949

***Changes between Measurement Date and Reporting Date***

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and 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 the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	3.56 percent	4.66 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

\* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$1,487,774	\$1,199,881	\$960,661

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 12 – COMPENSATED ABSENCES**

The City accrues a liability for accumulated unpaid sick, vacation, and compensatory time when earned by employees. Employees earn sick and vacation leave at varying rates based upon length of service. Upon retirement, an employee with ten or more years of service with the City will be compensated for their accumulated sick leave at a rate of 50% of the balance.

At December 31, 2020, the City's accumulated, unpaid compensated absences amounted to \$1,015,280. Of this amount, \$897,476 is recorded as Governmental Activities on the Entity Wide Statement of Net Position (\$135,639 is reported as due within one year), \$117,804 is recorded as Business-type activities (\$16,610 is reported as due within one year).

**NOTE 13 - CAPITAL LEASES**

The City is party to five leases accounted for as capital leases (at the start of 2020); 1) for a FlexNet Advanced Metering System (ended 2020) 2) for a Fire Truck (ended 2020) 3) for a Tractor 4) for two trucks and 5) for another truck. The cost of the equipment obtained under the lease agreements (\$785,385) is included in the Governmental Activities capital assets as machinery and equipment and (\$460,000) is included in Business Type Activities as machinery and equipment. The liabilities for these leases are recorded on the Statement of Net Position as due within one year and due in more than one year. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2020:

<u>Year Ending December 31,</u> 2021	<u>Governmental Activities</u>
Minimum Lease Payments	<u>\$77,455</u>
Less amount representing interest at the City's incremental borrowing rate of interest	<u>77,455</u> <u>(3,792)</u>
Present value of minimum lease payments	<u><u>\$73,663</u></u>

**CITY OF HEATH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 14 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2020 were as follows:

	Original Liability		Balance December 31, 2019	Additions	(Reductions)	Balance December 31, 2020	Amounts Due Within One Year	
<b>Governmental Activities:</b>								
General Obligation Bonds:								
2.00 - 3.63%	Swimming Pool Refunding	\$1,325,000	2022	\$395,000	\$0	(\$130,000)	\$265,000	\$130,000
2.00 - 3.00%	S.R. 79 Refunding	1,300,000	2023	540,000	0	(125,000)	415,000	135,000
	Total General Obligation Bonds			935,000	0	(255,000)	680,000	265,000
Installment Loans Payable:								
2.67%	Fire Equipment	440,000	2021	180,943	0	(89,273)	91,670	91,670
0.00%	Port Authority	300,000	2025	180,000	0	(30,000)	150,000	30,000
	Total Installment Loans Payable			360,943	0	(119,273)	241,670	121,670
	Capital Leases	642,053		236,351	0	(162,688)	73,663	73,663
	Compensated Absences			883,271	190,859	(176,654)	897,476	135,639
	<b>Total Governmental Long-Term Debt</b>			<b>\$2,415,565</b>	<b>\$190,859</b>	<b>(\$713,615)</b>	<b>\$1,892,809</b>	<b>\$595,972</b>
<b>Business Type Activities:</b>								
General Obligation Bond:								
2.00 - 2.50%	Franklin Ave. Waterline	555,000	2022	\$180,000	\$0	(\$60,000)	\$120,000	\$60,000
1.25 - 3.00%	Water Plant Improvement	1,495,000	2022	475,000	0	(155,000)	320,000	160,000
2.88%	Water System Improvement	238,492	2023	163,520	0	(39,123)	124,397	40,278
4.01%	2018- Water System Improvement	313,700	2023	256,063	0	(60,307)	195,756	62,729
	Total General Obligation Bonds			1,074,583	0	(314,430)	760,153	323,007
Ohio Water Development Authority Loans:								
3.76%	Loan SRF-4011	2,757,604	2024	946,494	0	(175,465)	771,029	182,124
3.25%	Loan SRF-5657	4,110,016	2032	2,759,081	0	(191,377)	2,567,704	197,648
2.20%	Linville Road Water Tower	630,564	2038	1,219,371	0	(55,785)	1,163,586	57,030
	Total OWDA Loans			4,924,946	0	(422,627)	4,502,319	436,802
Ohio Public Works Commission Loans:								
0.00%	Sewer Replacement & Expansion	104,256	2038	66,021	0	(1,738)	64,283	3,476
0.00%	Water Main & Booster Station	293,690	2033	205,585	0	(7,342)	198,243	14,684
0.00%	Industrial Dual Water Feed	237,242	2038	225,380	0	(5,931)	219,449	11,862
	Total OPWC Loans			496,986	0	(15,011)	481,975	30,022
	Capital Leases	460,000		97,298	0	(97,298)	0	0
	Compensated Absences			106,720	43,100	(32,016)	117,804	16,610
	<b>Total Business Type Long-Term Debt</b>			<b>\$6,700,533</b>	<b>\$43,100</b>	<b>(\$881,382)</b>	<b>\$5,862,251</b>	<b>\$806,441</b>



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

**NOTE 14 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire long-term debt outstanding at December 31, 2020 were as follows:

Years	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		Installment Loans Payable		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$265,000	\$22,056	\$121,670	\$3,447	\$30,022	\$0
2022	275,000	13,294	30,000	0	30,022	0
2023	140,000	4,200	30,000	0	30,022	0
2024	0	0	60,000	0	30,022	0
2025	0	0	287,148	74,905	30,022	0
2026-2030	0	0	1,572,683	237,580	150,110	0
2031-2035	0	0	644,668	47,572	112,746	0
2036-2038	0	0	160,613	4,481	69,009	0
Totals	\$680,000	\$39,550	\$241,670	\$3,447	\$481,975	\$0

**A. Defeased Debt**

In April 2011, the City refunded \$1,200,000 of General Obligation Bonds for Swimming Pool Improvements, through the issuance of \$1,325,000 of General Obligation Bonds. The net proceeds of the 2011 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$265,000 at December 31, 2020, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 14 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Defeased Debt (Continued)**

In April 2012, the City refunded \$1,295,000 of General Obligation Bonds for State Route 79 Improvements, through the issuance of \$1,300,000 of General Obligation Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$420,000 at December 31, 2020, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

**B. OWDA Loans**

The City has various outstanding Ohio Water Development Authority Loans ranging from 2.2% - 3.76% for various wastewater treatment plant improvements and a water tower. The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the loans outstanding. The loans are payable solely from water and sewer customer net revenues and are payable through 2024, 2032 and 2038 for the three separate loans outstanding.

**C. OPWC Loans**

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$481,975 borrowed from the Ohio Public Works Commission in 2008, 2013 and 2018. Proceeds from these loans provided for the improvement of sewer lines at the Heath-Newark-Licking County Port Authority, for Water Main & Booster Station Improvements and for an Industrial Dual Water Feed. These loans were issued interest free.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City carries commercial insurance policies to cover comprehensive liability, official and employee errors and omissions, and property and equipment. 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 years.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs. The City of Heath is a member of the Ohio Municipal League (OML) Workers' Compensation Pool. The pool groups similar municipal employers to gain a greater discount in worker's compensation premiums for City employees. Section 4123.29 of the Ohio Revised Code, and the rules promulgated there under, permit the establishment of the employer group rating plan. Said plans pool and group the experience (payroll amounts and claims losses) of the participating employers in order to create a lower worker's compensation premium rate. The Ohio Municipal League (OML) as a sponsoring organization offers the plan to achieve lower workers' compensation premium rates for participants and to promote establishment of a safer working environment.

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, Medical Benefits Administrators, Inc., which monitors all claim payments. Excess loss coverage, provided by the American National/Bardon Insurance, becomes effective after \$55,000 per year per specific claim.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020**

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**NOTE 15 - RISK MANAGEMENT (Continued)**

The claims liability of \$99,227 reported in the fund at December 31, 2020 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in years 2019 and 2020 were:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Year End
2019	\$122,812	\$1,186,115	(\$1,123,616)	\$185,311
2020	185,311	2,001,542	(2,087,626)	99,227

**NOTE 16 - CONTINGENCIES**

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**NOTE 17 – OTHER COMMITMENTS**

At December 31, 2020, the City's cash basis commitments for encumbrances were as follows:

Fund	Year-End Commitment
General Fund	\$219,088
Fire Levy Fund	5,728
Capital Improvement Fund	959,563
Other Governmental Funds	202,080
Water Fund	109,473
Sewer Fund	216,085
Total	<u>\$1,712,017</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020***

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**NOTE 18 – TAX ABATEMENT DISCLOSURES**

As of December 31, 2020, the City of Heath provides tax incentives under the Community Reinvestment Area (CRA) program.

**Real Estate Tax Abatements**

Pursuant to Ohio Revised Code Chapter 3735.66, the City established a Community Reinvestment Area prior to 2007. Various portions of the community are covered by this CRA. The City authorizes incentives based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill. The establishment of the CRAs gave the City the ability to maintain and expand businesses located in the City and create new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate.

Below is the City portion of the real property taxes abated in 2020:

	Total Amount of Taxes Abated (Incentives Abated) For the Year 2020 (In Actual Dollars)
<u>Community Reinvestment Area (CRA)</u>	
All CRA Properties	\$82,716

**NOTE 19 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City’s investment portfolio and investments of the pension and other employee benefit plan in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



*REQUIRED SUPPLEMENTARY INFORMATION*

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***Schedule of City's Proportionate Share of the Net Pension Liability  
Last Seven Years***

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**Ohio Public Employees Retirement System**

Year	2013	2014	2015
City's proportion of the net pension liability (asset)	0.022110%	0.022110%	0.020855%
City's proportionate share of the net pension liability (asset)	\$2,606,481	\$2,666,713	\$3,612,394
City's covered payroll	\$2,688,115	\$2,751,733	\$2,595,642
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	96.96%	96.91%	139.17%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015
City's proportion of the net pension liability (asset)	0.126978%	0.126978%	0.125757%
City's proportionate share of the net pension liability (asset)	\$6,184,232	\$6,577,995	\$8,090,029
City's covered payroll	\$3,249,567	\$2,549,882	\$2,532,277
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	190.31%	257.97%	319.48%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

Notes: The City 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 2013 is not available.



**CITY OF HEATH, OHIO**

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<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
0.021617%	0.021078%	0.021340%	0.021757%
\$4,908,883	\$3,306,674	\$5,844,593	\$4,300,418
\$2,704,108	\$2,547,531	\$2,875,700	\$3,305,479
181.53%	129.80%	203.24%	130.10%
77.25%	84.66%	74.70%	82.17%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
0.123476%	0.119660%	0.118566%	0.121473%
\$7,820,818	\$7,344,090	\$9,678,119	\$8,183,091
\$2,550,539	\$2,610,245	\$2,369,088	\$3,174,476
306.63%	281.36%	408.52%	257.78%
68.36%	70.91%	63.07%	69.89%

***Schedule of City Pension Contributions  
Last Eight Years***

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**Ohio Public Employees Retirement System**

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$349,455	\$330,208	\$311,477
Contributions in relation to the contractually required contribution	<u>349,455</u>	<u>330,208</u>	<u>311,477</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$2,688,115	\$2,751,733	\$2,595,642
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$555,026	\$519,156	\$536,641
Contributions in relation to the contractually required contribution	<u>555,026</u>	<u>519,156</u>	<u>536,641</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$3,249,567	\$2,549,882	\$2,532,277
Contributions as a percentage of covered-employee payroll	17.08%	20.36%	21.19%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

Notes: The City 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 2013 is not available.

**CITY OF HEATH, OHIO**

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<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$324,493	\$331,179	\$402,598	\$462,767	\$380,086
<u>324,493</u>	<u>331,179</u>	<u>402,598</u>	<u>462,767</u>	<u>380,086</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,704,108	\$2,547,531	\$2,875,700	\$3,305,479	\$2,714,900
12.00%	13.00%	14.00%	14.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$539,361	\$552,313	\$500,708	\$673,420	\$581,338
<u>539,361</u>	<u>552,313</u>	<u>500,708</u>	<u>673,420</u>	<u>581,338</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,550,539	\$2,610,245	\$2,369,088	\$3,174,476	\$2,741,612
21.15%	21.16%	21.14%	21.21%	21.20%



**CITY OF HEATH, OHIO**

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***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability  
Last Four Years***

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**Ohio Public Employees Retirement System**

Year	2016	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.020233%	0.019669%	0.019889%	0.020274%
City's proportionate share of the net OPEB liability (asset)	\$2,043,624	\$2,135,855	\$2,593,056	\$2,800,366
City's covered payroll	\$2,704,108	\$2,547,531	\$2,875,700	\$3,305,479
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	75.57%	83.84%	90.17%	84.72%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%	47.80%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2016	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.123476%	0.119660%	0.118566%	0.121473%
City's proportionate share of the net OPEB liability (asset)	\$5,861,107	\$6,779,782	\$1,079,725	\$1,199,881
City's covered payroll	\$2,550,539	\$2,610,245	\$2,369,088	\$3,174,476
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	229.80%	259.74%	45.58%	37.80%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%	47.08%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2016 is not available.

**CITY OF HEATH, OHIO**

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***Schedule of City's Other Postemployment Benefit (OPEB) Contributions  
Last Eight Years***

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**Ohio Public Employees Retirement System**

Year	2013	2014	2015
Contractually required contribution	\$26,881	\$55,035	\$51,913
Contributions in relation to the contractually required contribution	26,881	55,035	51,913
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$2,688,115	\$2,751,733	\$2,595,642
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015
Contractually required contribution	\$110,835	\$12,749	\$12,661
Contributions in relation to the contractually required contribution	110,835	12,749	12,661
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$3,249,567	\$2,549,882	\$2,532,277
Contributions as a percentage of covered payroll	3.41%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available.

**CITY OF HEATH, OHIO**

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<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$54,082	\$25,476	\$0	\$0	\$0
<u>54,082</u>	<u>25,476</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>
\$2,704,108	\$2,547,531	\$2,875,700	\$3,305,479	\$2,714,900
2.00%	1.00%	0.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$12,753	\$13,051	\$11,845	\$15,872	\$13,708
<u>12,753</u>	<u>13,051</u>	<u>11,845</u>	<u>15,872</u>	<u>13,708</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,550,539	\$2,610,245	\$2,369,088	\$3,174,476	\$2,741,612
0.50%	0.50%	0.50%	0.50%	0.50%

***Notes to the Required Supplementary Information  
For the Year Ended December 31, 2020***

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**NET PENSION LIABILITY**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2020.

*Changes in assumptions:*

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality Table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2020.

*Changes in assumptions:*

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.



***Notes to the Required Supplementary Information  
For the Year Ended December 31, 2020***

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**NET PENSION LIABILITY** (Continued)

**OHIO POLICE AND FIRE (OP&F) PENSION FUND** (Continued)

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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***Notes to the Required Supplementary Information  
For the Year Ended December 31, 2020***

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**NET OPEB LIABILITY**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the periods 2018-2020.

*Changes in assumptions:*

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:*

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020: There were no changes in benefit terms.

*Changes in assumptions:*

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***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 expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**Street Construction, Maintenance and Repair Fund**

To account for state levied and controlled gasoline tax and motor vehicle license fees designated for local street construction, maintenance and repair.

**State Highway Fund**

To account for the portion of the state gasoline tax and motor vehicle license fees designated for construction, maintenance and repair of state highways within the City.

**County \$5 Permissive License Tax Fund**

To account for permissive license tax received from the County for a project approved by the county engineer, or transfers to finance the project until completion whereupon reimbursement will be received.

**Swimming Pool Fund**

To account for revenues and expenditures related to the operations of the Heath Municipal Pool.

**Municipal Motor Vehicle License Tax Fund**

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repair.

**Fire Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for fire disability and pension.

**Police Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for police disability and pension.

**Law Enforcement Trust Fund**

To account for funds received by the police department for contraband, per state statute.

**Police Professional Training Fund**

To account for the cost of continuing professional training programs for police personnel.

(Continued)

***Special Revenue Funds***

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**Enforcement and Education Fund**

To account for financial resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

**D.A.R.E. Fund**

To account for revenues and expenditures relative to D.A.R.E. activities.

**Local Coronavirus Relief Fund**

This fund is used to account for Coronavirus Relief funds received through passage of the CARES Act. These funds can be used for necessary expenditures incurred due to the Covid-19 public health emergency.

**Conn Memorial Trust Fund**

To account for money left to the City by the Conn family in trust for the operation and maintenance of the John C. Geller Park.

**CITY OF HEATH, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 1,758,326	\$ 911,861	\$ 2,670,187
Receivables:			
Taxes	183,628	56,729	240,357
Intergovernmental	405,926	0	405,926
Inventory of Supplies, at Cost	72,067	0	72,067
Prepaid Items	21,424	0	21,424
Cash and Cash Equivalents with Fiscal Agent	112,379	0	112,379
<b>Total Assets</b>	<b>\$ 2,553,750</b>	<b>\$ 968,590</b>	<b>\$ 3,522,340</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 45,884	\$ 0	\$ 45,884
Accrued Wages and Benefits Payable	97,241	0	97,241
<b>Total Liabilities</b>	<b>143,125</b>	<b>0</b>	<b>143,125</b>
<b>Deferred Inflows and Resources:</b>			
Unavailable Amounts	387,270	7,956	395,226
Property Tax Levy for Next Year	181,842	0	181,842
<b>Total Deferred Inflows of Resources</b>	<b>569,112</b>	<b>7,956</b>	<b>577,068</b>
<b>Fund Balances:</b>			
Nonspendable	93,491	0	93,491
Restricted	1,717,361	0	1,717,361
Committed	30,661	960,634	991,295
<b>Total Fund Balances</b>	<b>1,841,513</b>	<b>960,634</b>	<b>2,802,147</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,553,750</b>	<b>\$ 968,590</b>	<b>\$ 3,522,340</b>

**CITY OF HEATH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 168,144	\$ 497,521	\$ 665,665
Intergovernmental Revenues	1,432,683	0	1,432,683
Charges for Services	8,290	0	8,290
Investment Earnings	4,077	0	4,077
Fines and Forfeitures	18,704	0	18,704
All Other Revenue	77,796	0	77,796
<b>Total Revenue</b>	<u>1,709,694</u>	<u>497,521</u>	<u>2,207,215</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	601,193	0	601,193
Leisure Time Activities	47,697	0	47,697
Transportation	1,081,255	0	1,081,255
General Government	455,326	0	455,326
Debt Service:			
Principal Retirement	189,630	155,000	344,630
Interest and Fiscal Charges	19,708	16,227	35,935
<b>Total Expenditures</b>	<u>2,394,809</u>	<u>171,227</u>	<u>2,566,036</u>
Excess (Deficiency) of Revenues Over Expenditures	(685,115)	326,294	(358,821)
<b>Other Financing Sources (Uses):</b>			
Transfers In	691,134	0	691,134
<b>Total Other Financing Sources (Uses)</b>	<u>691,134</u>	<u>0</u>	<u>691,134</u>
Net Change in Fund Balance	6,019	326,294	332,313
<b>Fund Balances at Beginning of Year</b>	1,826,062	634,340	2,460,402
Change in Inventory Reserve	9,432	0	9,432
<b>Fund Balances End of Year</b>	<u>\$ 1,841,513</u>	<u>\$ 960,634</u>	<u>\$ 2,802,147</u>

**CITY OF HEATH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2020**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 480,809	\$ 316,218	\$ 18,174	\$ 31,774
Receivables:				
Taxes	0	0	0	0
Intergovernmental	300,339	24,352	0	0
Inventory of Supplies, at Cost	71,604	0	0	463
Prepaid Items	14,607	0	0	6,817
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	112,379	0
<b>Total Assets</b>	<b>\$ 867,359</b>	<b>\$ 340,570</b>	<b>\$ 130,553</b>	<b>\$ 39,054</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 32,582	\$ 1,815	\$ 0	\$ 1,113
Accrued Wages and Benefits Payable	30,645	0	0	0
<b>Total Liabilities</b>	<b>63,227</b>	<b>1,815</b>	<b>0</b>	<b>1,113</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	200,226	16,235	112,379	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>200,226</b>	<b>16,235</b>	<b>112,379</b>	<b>0</b>
<b>Fund Balances:</b>				
Nonspendable	86,211	0	0	7,280
Restricted	517,695	322,520	18,174	0
Committed	0	0	0	30,661
<b>Total Fund Balances</b>	<b>603,906</b>	<b>322,520</b>	<b>18,174</b>	<b>37,941</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 867,359</b>	<b>\$ 340,570</b>	<b>\$ 130,553</b>	<b>\$ 39,054</b>



**CITY OF HEATH, OHIO**

Municipal Motor Vehicle License Tax	Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training	Enforcement and Education
\$ 297,503	\$ 171,025	\$ 111,428	\$ 106,201	\$ 668	\$ 10,666
0	91,814	91,814	0	0	0
73,473	3,831	3,831	0	0	100
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 370,976</u>	<u>\$ 266,670</u>	<u>\$ 207,073</u>	<u>\$ 106,201</u>	<u>\$ 668</u>	<u>\$ 10,766</u>
\$ 0	\$ 0	\$ 0	\$ 1,545	\$ 0	\$ 0
0	38,449	28,147	0	0	0
0	38,449	28,147	1,545	0	0
48,982	4,724	4,724	0	0	0
0	90,921	90,921	0	0	0
48,982	95,645	95,645	0	0	0
0	0	0	0	0	0
321,994	132,576	83,281	104,656	668	10,766
0	0	0	0	0	0
<u>321,994</u>	<u>132,576</u>	<u>83,281</u>	<u>104,656</u>	<u>668</u>	<u>10,766</u>
<u>\$ 370,976</u>	<u>\$ 266,670</u>	<u>\$ 207,073</u>	<u>\$ 106,201</u>	<u>\$ 668</u>	<u>\$ 10,766</u>

(Continued)

**CITY OF HEATH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2020**

	D.A.R.E.	Local Coronavirus Relief	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 365	\$ 94,153	\$ 119,342	\$ 1,758,326
Receivables:				
Taxes	0	0	0	183,628
Intergovernmental	0	0	0	405,926
Inventory of Supplies, at Cost	0	0	0	72,067
Prepaid Items	0	0	0	21,424
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	0	112,379
<b>Total Assets</b>	<b>\$ 365</b>	<b>\$ 94,153</b>	<b>\$ 119,342</b>	<b>\$ 2,553,750</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 8,829	\$ 0	\$ 45,884
Accrued Wages and Benefits Payable	0	0	0	97,241
<b>Total Liabilities</b>	<b>0</b>	<b>8,829</b>	<b>0</b>	<b>143,125</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	0	0	0	387,270
Property Tax Levy for Next Fiscal Year	0	0	0	181,842
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>569,112</b>
<b>Fund Balances:</b>				
Nonspendable	0	0	0	93,491
Restricted	365	85,324	119,342	1,717,361
Committed	0	0	0	30,661
<b>Total Fund Balances</b>	<b>365</b>	<b>85,324</b>	<b>119,342</b>	<b>1,841,513</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 365</b>	<b>\$ 94,153</b>	<b>\$ 119,342</b>	<b>\$ 2,553,750</b>



**CITY OF HEATH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2020**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	641,574	52,019	23,713	0
Charges for Services	0	0	0	2,532
Investment Earnings	0	366	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	65,262	0	0	369
<b>Total Revenue</b>	<u>706,836</u>	<u>52,385</u>	<u>23,713</u>	<u>2,901</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	47,697
Transportation	931,760	40,179	89,089	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	59,630	0	0	130,000
Interest and Fiscal Charges	5,877	0	0	13,831
<b>Total Expenditures</b>	<u>997,267</u>	<u>40,179</u>	<u>89,089</u>	<u>191,528</u>
Excess (Deficiency) of Revenues Over Expenditures	(290,431)	12,206	(65,376)	(188,627)
<b>Other Financing Sources (Uses):</b>				
Transfers In	126,000	0	0	48,134
<b>Total Other Financing Sources (Uses)</b>	<u>126,000</u>	<u>0</u>	<u>0</u>	<u>48,134</u>
Net Change in Fund Balance	(164,431)	12,206	(65,376)	(140,493)
<b>Fund Balances at Beginning of Year</b>	756,632	310,314	83,550	180,707
Change in Inventory Reserve	11,705	0	0	(2,273)
<b>Fund Balances End of Year</b>	<u>\$ 603,906</u>	<u>\$ 322,520</u>	<u>\$ 18,174</u>	<u>\$ 37,941</u>

**CITY OF HEATH, OHIO**

Municipal Motor Vehicle License Tax	Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training	Enforcement and Education
\$ 0	\$ 84,072	\$ 84,072	\$ 0	\$ 0	\$ 0
159,403	7,662	7,662	0	0	0
0	0	0	4,178	0	0
0	0	0	0	0	0
0	0	0	17,725	0	979
0	0	0	12,165	0	0
<u>159,403</u>	<u>91,734</u>	<u>91,734</u>	<u>34,068</u>	<u>0</u>	<u>979</u>
0	280,543	280,179	40,471	0	0
0	0	0	0	0	0
20,227	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>20,227</u>	<u>280,543</u>	<u>280,179</u>	<u>40,471</u>	<u>0</u>	<u>0</u>
139,176	(188,809)	(188,445)	(6,403)	0	979
0	263,000	254,000	0	0	0
0	263,000	254,000	0	0	0
139,176	74,191	65,555	(6,403)	0	979
182,818	58,385	17,726	111,059	668	9,787
0	0	0	0	0	0
<u>\$ 321,994</u>	<u>\$ 132,576</u>	<u>\$ 83,281</u>	<u>\$ 104,656</u>	<u>\$ 668</u>	<u>\$ 10,766</u>

(Continued)

**CITY OF HEATH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2020**

	D.A.R.E.	Local Coronavirus Relief	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 168,144
Intergovernmental Revenues	0	540,650	0	1,432,683
Charges for Services	0	0	1,580	8,290
Investment Earnings	0	0	3,711	4,077
Fines and Forfeitures	0	0	0	18,704
All Other Revenue	0	0	0	77,796
<b>Total Revenue</b>	<b>0</b>	<b>540,650</b>	<b>5,291</b>	<b>1,709,694</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	601,193
Leisure Time Activities	0	0	0	47,697
Transportation	0	0	0	1,081,255
General Government	0	455,326	0	455,326
Debt Service:				
Principal Retirement	0	0	0	189,630
Interest and Fiscal Charges	0	0	0	19,708
<b>Total Expenditures</b>	<b>0</b>	<b>455,326</b>	<b>0</b>	<b>2,394,809</b>
Excess (Deficiency) of Revenues Over Expenditures	0	85,324	5,291	(685,115)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	691,134
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>691,134</b>
Net Change in Fund Balance	0	85,324	5,291	6,019
<b>Fund Balances at Beginning of Year</b>	<b>365</b>	<b>0</b>	<b>114,051</b>	<b>1,826,062</b>
Change in Inventory Reserve	0	0	0	9,432
<b>Fund Balances End of Year</b>	<b>\$ 365</b>	<b>\$ 85,324</b>	<b>\$ 119,342</b>	<b>\$ 1,841,513</b>

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 8,081,813	\$ 7,379,384	\$ 8,388,862	\$ 1,009,478
Intergovernmental Revenues	455,683	471,860	441,036	(30,824)
Charges for Services	505,350	505,350	538,949	33,599
Licenses and Permits	79,200	139,505	184,862	45,357
Investment Earnings	200,000	200,000	177,468	(22,532)
Fines and Forfeitures	12,200	12,200	10,798	(1,402)
All Other Revenues	75,600	85,039	392,470	307,431
Total Revenues	<u>9,409,846</u>	<u>8,793,338</u>	<u>10,134,445</u>	<u>1,341,107</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	2,067,714	2,067,714	1,992,726	74,988
Materials and Supplies	106,708	130,208	85,144	45,064
Contractual Services	217,328	217,329	157,236	60,093
Capital Outlay	4,909	72,195	69,076	3,119
Total Police	<u>2,396,659</u>	<u>2,487,446</u>	<u>2,304,182</u>	<u>183,264</u>
Communications:				
Personal Services	742,829	742,829	716,799	26,030
Materials and Supplies	5,000	5,000	0	5,000
Contractual Services	43,470	43,470	41,828	1,642
Total Communications	<u>791,299</u>	<u>791,299</u>	<u>758,627</u>	<u>32,672</u>
Fire:				
Personal Services	2,072,978	2,072,977	1,827,382	245,595
Materials and Supplies	130,051	130,051	113,773	16,278
Contractual Services	274,762	284,201	262,064	22,137
Capital Outlay	4,000	4,000	4,000	0
Total Fire	<u>2,481,791</u>	<u>2,491,229</u>	<u>2,207,219</u>	<u>284,010</u>
Street Lighting:				
Contractual Services	105,000	105,000	93,973	11,027
Total Street Lighting	<u>105,000</u>	<u>105,000</u>	<u>93,973</u>	<u>11,027</u>
Total Security of Persons and Property	<u>5,774,749</u>	<u>5,874,974</u>	<u>5,364,001</u>	<u>510,973</u>

(Continued)

**CITY OF HEATH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2020***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Health Department:				
Contractual Services	58,000	58,522	58,522	0
Total Public Health and Welfare Services	58,000	58,522	58,522	0
Leisure Time Activities:				
Parks:				
Personal Services	382,800	382,800	362,539	20,261
Materials and Supplies	63,411	63,411	24,070	39,341
Contractual Services	297,375	297,375	184,519	112,856
Other Expenditures	500	3,640	3,640	0
Capital Outlay	26,000	26,000	6,068	19,932
Total Leisure Time Activities	770,086	773,226	580,836	192,390
Community Environment:				
Planning and Zoning:				
Personal Services	187,786	187,786	187,504	282
Materials and Supplies	5,332	9,578	6,635	2,943
Contractual Services	355,001	355,001	248,455	106,546
Other Expenditures	3,000	3,000	1,500	1,500
Total Community Environment	551,119	555,365	444,094	111,271
General Government:				
Mayor:				
Personal Services	118,405	118,405	116,888	1,517
Materials and Supplies	2,051	2,051	711	1,340
Contractual Services	25,253	25,253	21,779	3,474
Capital Outlay	0	4,524	4,524	0
Total Mayor	145,709	150,233	143,902	6,331
City Council:				
Personal Services	46,200	46,200	46,200	0
Materials and Supplies	278	278	200	78
Contractual Services	550	550	244	306
Total City Council	47,028	47,028	46,644	384
Law Director:				
Personal Services	74,230	74,230	73,786	444
Contractual Services	116,484	119,645	119,291	354
Total Law Director	190,714	193,875	193,077	798

(Continued)



**CITY OF HEATH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2020***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Clerk of Council:</b>				
Personal Services	52,481	52,481	50,937	1,544
Materials and Supplies	516	614	548	66
Contractual Services	155	155	0	155
Capital Outlay	2,000	2,000	1,950	50
Total Clerk of Council	55,152	55,250	53,435	1,815
<b>Auditor:</b>				
Personal Services	60,000	60,000	60,000	0
Materials and Supplies	1,879	1,879	200	1,679
Contractual Services	2,495	2,495	1,413	1,082
Total Auditor	64,374	64,374	61,613	2,761
<b>General Administrative:</b>				
Personal Services	497,144	497,144	463,109	34,035
Materials and Supplies	7,567	9,576	7,866	1,710
Contractual Services	223,152	223,152	182,920	40,232
Other Expenditures	7,517	7,517	3,332	4,185
Total General Administrative	735,380	737,389	657,227	80,162
<b>Court Fees:</b>				
Contractual Services	988	988	500	488
Total Court Fees	988	988	500	488
<b>Civil Service:</b>				
Materials and Supplies	168	168	100	68
Contractual Services	14,200	14,200	10,550	3,650
Total Civil Service	14,368	14,368	10,650	3,718
<b>Safety/Service:</b>				
Personal Services	43,051	43,051	36,710	6,341
Materials and Supplies	12,423	12,423	7,408	5,015
Contractual Services	95,701	95,701	66,991	28,710
Capital Outlay	2,551	2,551	2,250	301
Total Safety/Service	153,726	153,726	113,359	40,367

(Continued)

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Income Tax:				
Personal Services	340,591	341,234	341,146	88
Materials and Supplies	4,470	4,470	2,642	1,828
Contractual Services	42,974	42,974	25,197	17,777
Capital Outlay	13,000	13,000	7,872	5,128
Total Income Tax	<u>401,035</u>	<u>401,678</u>	<u>376,857</u>	<u>24,821</u>
Total General Government	<u>1,808,474</u>	<u>1,818,909</u>	<u>1,657,264</u>	<u>161,645</u>
Total Expenditures	<u>8,962,428</u>	<u>9,080,996</u>	<u>8,104,717</u>	<u>976,279</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	447,418	(287,658)	2,029,728	2,317,386
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(643,000)</u>	<u>(2,149,166)</u>	<u>(2,149,166)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(643,000)</u>	<u>(2,149,166)</u>	<u>(2,149,166)</u>	<u>0</u>
Net Change in Fund Balance	(195,582)	(2,436,824)	(119,438)	2,317,386
Fund Balance at Beginning of Year	4,651,589	4,651,589	4,651,589	0
Prior Year Encumbrances	<u>178,522</u>	<u>178,522</u>	<u>178,522</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,634,529</u>	<u>\$ 2,393,287</u>	<u>\$ 4,710,673</u>	<u>\$ 2,317,386</u>



**CITY OF HEATH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund – Fire Levy Fund  
For the Year Ended December 31, 2020***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 791,413	\$ 820,626	\$ 816,037	\$ (4,589)
Intergovernmental Revenues	57,834	57,834	54,258	(3,576)
Investment Earnings	0	0	1,583	1,583
All Other Revenues	5,000	5,000	30,107	25,107
Total Revenues	<u>854,247</u>	<u>883,460</u>	<u>901,985</u>	<u>18,525</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Fire:				
Personal Services	442,351	442,351	387,461	54,890
Materials and Supplies	19,965	19,965	18,572	1,393
Contractual Services	28,560	28,560	18,130	10,430
Capital Outlay	738,294	738,294	734,861	3,433
Total Security of Persons and Property	<u>1,229,170</u>	<u>1,229,170</u>	<u>1,159,024</u>	<u>70,146</u>
Debt Service:				
Principal Retirement	183,000	183,000	181,708	1,292
Interest and Fiscal Charges	8,000	8,000	7,686	314
Total Expenditures	<u>1,420,170</u>	<u>1,420,170</u>	<u>1,348,418</u>	<u>71,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(565,923)	(536,710)	(446,433)	90,277
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	480	480
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>480</u>	<u>480</u>
Net Change in Fund Balance	(565,923)	(536,710)	(445,953)	90,757
Fund Balance at Beginning of Year	342,923	342,923	342,923	0
Prior Year Encumbrances	550,038	550,038	550,038	0
Fund Balance at End of Year	<u>\$ 327,038</u>	<u>\$ 356,251</u>	<u>\$ 447,008</u>	<u>\$ 90,757</u>

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund – General Obligation Debt Service Fund  
For the Year Ended December 31, 2020**

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	<u>\$ 594,000</u>	<u>\$ 477,504</u>	<u>\$ (116,496)</u>
Total Revenues	<u>594,000</u>	<u>477,504</u>	<u>(116,496)</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	290,000	155,000	135,000
Interest and Fiscal Charges	<u>26,025</u>	<u>16,227</u>	<u>9,798</u>
Total Expenditures	<u>316,025</u>	<u>171,227</u>	<u>144,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	277,975	306,277	28,302
Fund Balance at Beginning of Year	605,584	605,584	0
Fund Balance at End of Year	<u>\$ 883,559</u>	<u>\$ 911,861</u>	<u>\$ 28,302</u>

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund – Capital Improvement Fund  
For the Year Ended December 31, 2020**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 565,500	\$ 591,196	\$ 25,696
Intergovernmental Revenues	0	226,739	226,739
All Other Revenues	0	30,769	30,769
Total Revenues	565,500	848,704	283,204
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Contractual Services	8,690	8,690	0
Capital Outlay	318,132	312,714	5,418
Total Security of Persons and Property	326,822	321,404	5,418
Leisure Time Activities:			
Parks:			
Capital Outlay	88,427	77,762	10,665
Total Parks	88,427	77,762	10,665
Swimming Pool:			
Contractual Services	60,244	60,244	0
Total Swimming Pool	60,244	60,244	0
Total Leisure Time Activities	148,671	138,006	10,665
Community Environment:			
Utilities:			
Capital Outlay	2,026	1,273	753
Total Community Environment	2,026	1,273	753
Transportation:			
Streets Department:			
Contractual Services	62,543	62,543	0
Capital Outlay	2,443,585	2,443,585	0
Total Transportation	2,506,128	2,506,128	0
General Government:			
General Administrative:			
Contractual Services	100	33	67
Capital Outlay	58,077	58,077	0
Total General Government	58,177	58,110	67
Total Expenditures	3,041,824	3,024,921	16,903

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund – Capital Improvement Fund  
For the Year Ended December 31, 2020**

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,476,324)	(2,176,217)	300,107
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>1,885,468</u>	<u>1,458,032</u>	<u>(427,436)</u>
Total Other Financing Sources (Uses)	<u>1,885,468</u>	<u>1,458,032</u>	<u>(427,436)</u>
Net Change in Fund Balance	(590,856)	(718,185)	(127,329)
Fund Balance at Beginning of Year	1,490,001	1,490,001	0
Prior Year Encumbrances	<u>358,351</u>	<u>358,351</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,257,496</u>	<u>\$ 1,130,167</u>	<u>\$ (127,329)</u>

**CITY OF HEATH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2020***

<b>STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 436,861	\$ 652,962	\$ 216,101
All Other Revenues	0	65,262	65,262
Total Revenues	<u>436,861</u>	<u>718,224</u>	<u>281,363</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Personal Services	611,032	580,346	30,686
Materials and Supplies	208,775	115,845	92,930
Contractual Services	384,718	270,697	114,021
Capital Outlay	107,000	24,882	82,118
Total Expenditures	<u>1,311,525</u>	<u>991,770</u>	<u>319,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(874,664)	(273,546)	601,118
<b>Other Financing Sources (Uses):</b>			
Transfers In	320,243	126,000	(194,243)
Total Other Financing Sources (Uses)	<u>320,243</u>	<u>126,000</u>	<u>(194,243)</u>
Net Change in Fund Balance	(554,421)	(147,546)	406,875
Fund Balance at Beginning of Year	583,606	583,606	0
Prior Year Encumbrances	13,629	13,629	0
Fund Balance at End of Year	<u>\$ 42,814</u>	<u>\$ 449,689</u>	<u>\$ 406,875</u>



**CITY OF HEATH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2020***

<b>STATE HIGHWAY FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 48,210	\$ 52,943	\$ 4,733
Investment Earnings	200	366	166
Total Revenues	<u>48,410</u>	<u>53,309</u>	<u>4,899</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Materials and Supplies	51,500	0	51,500
Contractual Services	65,500	39,150	26,350
Total Expenditures	<u>117,000</u>	<u>39,150</u>	<u>77,850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,590)	14,159	82,749
Fund Balance at Beginning of Year	302,059	302,059	0
Fund Balance at End of Year	<u>\$ 233,469</u>	<u>\$ 316,218</u>	<u>\$ 82,749</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020**

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**COUNTY \$5 PERMISSIVE LICENSE TAX FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 23,713	\$ 23,713	\$ 0
Total Revenues	<u>23,713</u>	<u>23,713</u>	<u>0</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Capital Outlay	<u>106,524</u>	<u>106,089</u>	<u>435</u>
Total Expenditures	<u>106,524</u>	<u>106,089</u>	<u>435</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,811)	(82,376)	435
Fund Balance at Beginning of Year	83,526	83,526	0
Prior Year Encumbrances	24	24	0
Fund Balance at End of Year	<u>\$ 739</u>	<u>\$ 1,174</u>	<u>\$ 435</u>

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2020**

<b>SWIMMING POOL FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 39,634	\$ 2,532	\$ (37,102)
All Other Revenues	8,500	369	(8,131)
Total Revenues	<u>48,134</u>	<u>2,901</u>	<u>(45,233)</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Materials and Supplies	10,771	94	10,677
Contractual Services	55,259	54,460	799
Total Leisure Time Activities	<u>66,030</u>	<u>54,554</u>	<u>11,476</u>
Debt Service:			
Principal Retirement	130,000	130,000	0
Interest and Fiscal Charges	13,831	13,831	0
Total Expenditures	<u>209,861</u>	<u>198,385</u>	<u>11,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(161,727)	(195,484)	(33,757)
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	48,134	48,134
Total Other Financing Sources (Uses)	<u>0</u>	<u>48,134</u>	<u>48,134</u>
Net Change in Fund Balance	(161,727)	(147,350)	14,377
Fund Balance at Beginning of Year	162,398	162,398	0
Prior Year Encumbrances	11,476	11,476	0
Fund Balance at End of Year	<u>\$ 12,147</u>	<u>\$ 26,524</u>	<u>\$ 14,377</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 147,583	\$ 160,243	\$ 12,660
Total Revenues	<u>147,583</u>	<u>160,243</u>	<u>12,660</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Capital Outlay	<u>53,227</u>	<u>53,227</u>	<u>0</u>
Total Expenditures	<u>53,227</u>	<u>53,227</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	94,356	107,016	12,660
Fund Balance at Beginning of Year	137,260	137,260	0
Prior Year Encumbrances	<u>20,227</u>	<u>20,227</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 251,843</u>	<u>\$ 264,503</u>	<u>\$ 12,660</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020**

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	<b>FIRE PENSION FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Taxes	\$ 83,736	\$ 84,072	\$ 336
Intergovernmental Revenues	8,020	7,662	(358)
Total Revenues	<u>91,756</u>	<u>91,734</u>	<u>(22)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Fire:			
Personal Services	335,246	266,771	68,475
Contractual Services	2,000	1,274	726
Total Expenditures	<u>337,246</u>	<u>268,045</u>	<u>69,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(245,490)	(176,311)	69,179
<b>Other Financing Sources (Uses):</b>			
Transfers In	262,978	263,000	22
Total Other Financing Sources (Uses)	<u>262,978</u>	<u>263,000</u>	<u>22</u>
Net Change in Fund Balance	17,488	86,689	69,201
Fund Balance at Beginning of Year	84,336	84,336	0
Fund Balance at End of Year	<u>\$ 101,824</u>	<u>\$ 171,025</u>	<u>\$ 69,201</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020**

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	POLICE PENSION FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 84,264	\$ 84,072	\$ (192)
Intergovernmental Revenues	8,020	7,662	(358)
Total Revenues	<u>92,284</u>	<u>91,734</u>	<u>(550)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Personal Services	305,019	272,743	32,276
Contractual Services	2,000	1,274	726
Total Expenditures	<u>307,019</u>	<u>274,017</u>	<u>33,002</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(214,735)	(182,283)	32,452
<b>Other Financing Sources (Uses):</b>			
Transfers In	253,450	254,000	550
Total Other Financing Sources (Uses)	<u>253,450</u>	<u>254,000</u>	<u>550</u>
Net Change in Fund Balance	38,715	71,717	33,002
Fund Balance at Beginning of Year	39,711	39,711	0
Fund Balance at End of Year	<u>\$ 78,426</u>	<u>\$ 111,428</u>	<u>\$ 33,002</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>LAW ENFORCEMENT TRUST FUND</b>			
<b>Revenues:</b>			
Charges for Services	\$ 12,041	\$ 4,178	\$ (7,863)
Fines and Forfeitures	11,000	17,725	6,725
All Other Revenues	9,000	12,165	3,165
Total Revenues	<u>32,041</u>	<u>34,068</u>	<u>2,027</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Materials and Supplies	5,000	5,000	0
Contractual Services	52,594	39,875	12,719
Capital Outlay	23,172	19,550	3,622
Total Expenditures	<u>80,766</u>	<u>64,425</u>	<u>16,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,725)	(30,357)	18,368
Fund Balance at Beginning of Year	81,103	81,103	0
Prior Year Encumbrances	30,166	30,166	0
Fund Balance at End of Year	<u>\$ 62,544</u>	<u>\$ 80,912</u>	<u>\$ 18,368</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>668</u>	<u>668</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 668</u></u>	<u><u>\$ 668</u></u>	<u><u>\$ 0</u></u>



**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020**

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**ENFORCEMENT AND EDUCATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	<u>\$ 804</u>	<u>\$ 879</u>	<u>\$ 75</u>
Total Revenues	<u>804</u>	<u>879</u>	<u>75</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Materials and Supplies	<u>8</u>	<u>0</u>	<u>8</u>
Total Expenditures	<u>8</u>	<u>0</u>	<u>8</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	796	879	83
Fund Balance at Beginning of Year	9,779	9,779	0
Prior Year Encumbrances	8	8	0
Fund Balance at End of Year	<u>\$ 10,583</u>	<u>\$ 10,666</u>	<u>\$ 83</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020***

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	<b>D.A.R.E. FUND</b>		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>365</u>	<u>365</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 365</u>	<u>\$ 365</u>	<u>\$ 0</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 540,650	\$ 540,650	\$ 0
Total Revenues	<u>540,650</u>	<u>540,650</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
General Administrative:			
Contractual Services	<u>540,650</u>	<u>536,918</u>	<u>3,732</u>
Total Expenditures	<u>540,650</u>	<u>536,918</u>	<u>3,732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	3,732	3,732
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 3,732</u>	<u>\$ 3,732</u>

**CITY OF HEATH, OHIO**

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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 Year Ended December 31, 2020***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 4,980	\$ 1,580	\$ (3,400)
Investment Earnings	320	3,711	3,391
Total Revenues	<u>5,300</u>	<u>5,291</u>	<u>(9)</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,300	5,291	(9)
Fund Balance at Beginning of Year	<u>114,051</u>	<u>114,051</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 119,351</u>	<u>\$ 119,342</u>	<u>\$ (9)</u>

*STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’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 City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
<b>Debt Capacity</b>	S 18 – S 25
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’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 30 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

**Sources Note:**

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

## *City of Heath, Ohio*

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental Activities:</b>			
Net Investment in Capital Assets	\$29,909,342	\$31,800,652	\$32,791,239
Restricted	3,049,296	3,354,720	3,130,915
Unrestricted (Deficit)	3,096,541	2,886,273	3,258,587
Total Governmental Activities Net Position	<u>\$36,055,179</u>	<u>\$38,041,645</u>	<u>\$39,180,741</u>
<b>Business-type Activities:</b>			
Net Investment in Capital Assets	\$12,254,042	\$13,030,295	\$13,374,041
Unrestricted	4,716,959	5,429,089	5,326,656
Total Business-type Activities Net Position	<u>\$16,971,001</u>	<u>\$18,459,384</u>	<u>\$18,700,697</u>
<b>Primary Government:</b>			
Net Investment in Capital Assets	\$42,163,384	\$44,830,947	\$46,165,280
Restricted	3,049,296	3,354,720	3,130,915
Unrestricted (Deficit)	7,813,500	8,315,362	8,585,243
Total Primary Government Net Position	<u>\$53,026,180</u>	<u>\$56,501,029</u>	<u>\$57,881,438</u>

Source: City Auditor's Office

\* 2014, 2017 Business-type Activities were restated

\* 2014, 2017 Governmental Activities were restated



*City of Heath, Ohio*

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2014	2015	2016	2017	2018	2019	2020
*			*			
\$32,879,970	\$32,583,035	\$32,767,862	\$33,319,642	\$37,542,871	\$38,284,771	\$39,953,094
3,667,955	3,096,603	3,397,635	1,847,160	2,177,417	2,825,835	2,581,575
(4,790,644)	(4,539,258)	(4,690,517)	(11,653,068)	(11,168,308)	(4,914,041)	(4,482,277)
<u>\$31,757,281</u>	<u>\$31,140,380</u>	<u>\$31,474,980</u>	<u>\$23,513,734</u>	<u>\$28,551,980</u>	<u>\$36,196,565</u>	<u>\$38,052,392</u>
*			*			
\$14,265,581	\$14,247,988	\$14,895,733	\$14,798,264	\$15,111,321	\$15,070,829	\$15,299,429
4,028,883	4,802,704	4,628,954	4,232,402	4,615,269	4,964,086	4,468,105
<u>\$18,294,464</u>	<u>\$19,050,692</u>	<u>\$19,524,687</u>	<u>\$19,030,666</u>	<u>\$19,726,590</u>	<u>\$20,034,915</u>	<u>\$19,767,534</u>
\$47,145,551	\$46,831,023	\$47,663,595	\$48,117,906	\$52,654,192	\$53,355,600	\$55,252,523
3,667,955	3,096,603	3,397,635	1,847,160	2,177,417	2,825,835	2,581,575
(761,761)	263,446	(61,563)	(7,420,666)	(6,553,039)	50,045	(14,172)
<u>\$50,051,745</u>	<u>\$50,191,072</u>	<u>\$50,999,667</u>	<u>\$42,544,400</u>	<u>\$48,278,570</u>	<u>\$56,231,480</u>	<u>\$57,819,926</u>

## City of Heath, Ohio

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

	2011	2012	2013	2014
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$4,910,998	\$5,152,842	\$5,038,710	\$5,361,303
Public Health and Welfare Services	56,000	56,500	55,970	55,970
Leisure Time Activities	1,458,652	1,345,282	1,311,818	1,387,265
Community Environment	326,445	279,054	100,943	270,574
Basic Utility Services	252,530	0	0	0
Transportation	1,387,741	2,359,144	1,709,162	1,267,738
General Government	1,423,316	1,345,507	1,397,774	1,453,988
Interest and Fiscal Charges	238,230	86,813	189,630	84,363
<i>Total Governmental Activities Expenses</i>	<u>10,053,912</u>	<u>10,625,142</u>	<u>9,804,007</u>	<u>9,881,201</u>
Business-type Activities:				
Water	1,588,324	1,653,612	1,757,595	1,867,677
Sewer	2,094,078	1,910,598	2,401,452	2,038,089
<i>Total Business-type Activities Expenses</i>	<u>3,682,402</u>	<u>3,564,210</u>	<u>4,159,047</u>	<u>3,905,766</u>
<i>Total Primary Government Expenses</i>	<u>\$13,736,314</u>	<u>\$14,189,352</u>	<u>\$13,963,054</u>	<u>\$13,786,967</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Sales				
Security of Persons and Property	\$431,382	\$496,150	\$476,054	\$487,374
Leisure Time Activities	520,995	511,839	464,282	425,487
Community Environment	20,355	34,921	15,265	18,085
Basic Utility Services	5,136	0	0	0
Transportation	8,981	17,804	131,883	9,929
General Government	11,890	12,422	11,400	11,800
Operating Grants and Contributions	667,962	618,558	661,798	661,083
Capital Grants and Contributions	3,306,967	3,563,796	1,263,959	400,859
<i>Total Governmental Activities Program Revenues</i>	<u>4,973,668</u>	<u>5,255,490</u>	<u>3,024,641</u>	<u>2,014,617</u>

*City of Heath, Ohio*

2015	2016	2017	2018	2019	2020
\$5,380,059	\$6,172,133	\$6,322,655	\$6,495,829	\$1,773,820	\$6,740,798
55,970	57,369	57,369	57,369	57,943	58,522
1,220,510	1,308,192	1,434,646	1,376,776	1,650,984	987,154
257,150	309,048	305,964	269,307	358,163	389,513
0	0	0	0	0	1,273
1,863,500	995,838	1,115,075	939,862	1,674,486	2,220,098
1,385,688	1,324,285	1,736,746	1,603,512	1,757,402	2,165,634
81,723	81,127	79,992	70,857	54,271	38,653
<u>10,244,600</u>	<u>10,247,992</u>	<u>11,052,447</u>	<u>10,813,512</u>	<u>7,327,069</u>	<u>12,601,645</u>
1,878,912	1,986,115	2,282,184	2,215,502	2,296,946	2,434,601
<u>2,060,955</u>	<u>1,991,200</u>	<u>2,110,841</u>	<u>2,074,353</u>	<u>2,098,157</u>	<u>2,417,446</u>
<u>3,939,867</u>	<u>3,977,315</u>	<u>4,393,025</u>	<u>4,289,855</u>	<u>4,395,103</u>	<u>4,852,047</u>
<u>\$14,184,467</u>	<u>\$14,225,307</u>	<u>\$15,445,472</u>	<u>\$15,103,367</u>	<u>\$11,722,172</u>	<u>\$17,453,692</u>
\$493,602	\$526,680	\$559,504	\$598,569	\$627,841	\$598,446
452,803	524,963	509,725	536,648	607,571	16,217
28,809	66,265	39,566	33,682	89,266	90,144
0	0	0	0	0	0
23,254	9,285	2,704	14,046	19,000	90,352
21,269	12,988	11,923	15,669	22,480	17,181
695,090	686,525	736,615	762,026	1,043,159	1,660,100
8,992	235,239	323,000	3,043,724	427,610	226,739
<u>1,723,819</u>	<u>2,061,945</u>	<u>2,183,037</u>	<u>5,004,364</u>	<u>2,836,927</u>	<u>2,699,179</u>

(continued)

## City of Heath, Ohio

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

	2011	2012	2013	2014
<b>Business-type Activities:</b>				
Charges for Services and Sales				
Water	1,794,547	1,989,091	1,999,935	2,245,921
Sewer	2,111,192	2,022,158	1,959,494	1,947,153
Capital Grants and Contributions	252,530	1,018,846	439,066	8,962
<i>Total Business-type Activities Program Revenues</i>	<u>4,158,269</u>	<u>5,030,095</u>	<u>4,398,495</u>	<u>4,202,036</u>
<i>Total Primary Government Program Revenues</i>	<u>9,131,937</u>	<u>10,285,585</u>	<u>7,423,136</u>	<u>6,216,653</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(5,080,244)	(5,369,652)	(6,779,366)	(7,866,584)
Business-type Activities	475,867	1,465,885	239,448	296,270
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$4,604,377)</u>	<u>(\$3,903,767)</u>	<u>(\$6,539,918)</u>	<u>(\$7,570,314)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes	\$1,174,167	\$1,160,354	\$1,122,287	\$1,183,320
Municipal Income Taxes	5,278,585	5,411,079	5,952,155	5,716,808
Other Local Taxes	10,388	9,793	8,823	5,647
Intergovernmental Revenue, Unrestricted	814,944	566,595	680,850	595,813
Investment Earnings	82,186	126,018	16,848	65,477
Miscellaneous	217,901	82,279	137,499	106,763
<i>Total Governmental Activities</i>	<u>7,578,171</u>	<u>7,356,118</u>	<u>7,918,462</u>	<u>7,673,828</u>
Business-type Activities:				
Investment Earnings	19,419	22,498	1,865	8,142
Transfers	0	0	0	0
<i>Total Business-type Activities</i>	<u>19,419</u>	<u>22,498</u>	<u>1,865</u>	<u>8,142</u>
<i>Total Primary Government</i>	<u>\$7,597,590</u>	<u>\$7,378,616</u>	<u>\$7,920,327</u>	<u>\$7,681,970</u>
<b>Change in Net Position</b>				
Governmental Activities	\$2,497,927	\$1,986,466	\$1,139,096	(\$192,756)
Business-type Activities	495,286	1,488,383	241,313	304,412
<i>Total Primary Government Change in Net Position</i>	<u>\$2,993,213</u>	<u>\$3,474,849</u>	<u>\$1,380,409</u>	<u>\$111,656</u>

Source: City Auditor's Office

*City of Heath, Ohio*

2015	2016	2017	2018	2019	2020
2,488,561	2,292,134	2,335,663	2,560,275	2,363,198	2,281,922
2,193,124	2,148,903	2,203,296	2,412,812	2,323,446	2,278,770
0	0	0	0	0	12,000
<u>4,681,685</u>	<u>4,441,037</u>	<u>4,538,959</u>	<u>4,973,087</u>	<u>4,686,644</u>	<u>4,572,692</u>
<u>6,405,504</u>	<u>6,502,982</u>	<u>6,721,996</u>	<u>9,977,451</u>	<u>7,523,571</u>	<u>7,271,871</u>
(8,520,781)	(8,186,047)	(8,869,410)	(5,809,148)	(4,490,142)	(9,902,466)
741,818	463,722	145,934	683,232	291,541	(279,355)
<u>(\$7,778,963)</u>	<u>(\$7,722,325)</u>	<u>(\$8,723,476)</u>	<u>(\$5,125,916)</u>	<u>(\$4,198,601)</u>	<u>(\$10,181,821)</u>
\$1,173,389	\$1,429,374	\$1,455,838	\$1,549,423	\$1,594,279	\$1,641,616
6,023,648	6,438,248	6,012,098	8,553,511	9,435,004	8,936,297
1,684	22,162	10,386	0	0	0
447,701	410,657	411,529	452,055	481,600	419,163
137,416	140,161	96,091	163,323	464,517	367,937
120,042	80,045	135,219	129,082	159,327	393,280
<u>7,903,880</u>	<u>8,520,647</u>	<u>8,121,161</u>	<u>10,847,394</u>	<u>12,134,727</u>	<u>11,758,293</u>
14,410	10,273	13,252	12,692	16,784	11,974
0	0	0	0	0	0
<u>14,410</u>	<u>10,273</u>	<u>13,252</u>	<u>12,692</u>	<u>16,784</u>	<u>11,974</u>
<u>\$7,918,290</u>	<u>\$8,530,920</u>	<u>\$8,134,413</u>	<u>\$10,860,086</u>	<u>\$12,151,511</u>	<u>\$11,770,267</u>
(\$616,901)	\$334,600	(\$748,249)	\$5,038,246	\$7,644,585	\$1,855,827
756,228	473,995	159,186	695,924	308,325	(267,381)
<u>\$139,327</u>	<u>\$808,595</u>	<u>(\$589,063)</u>	<u>\$5,734,170</u>	<u>\$7,952,910</u>	<u>\$1,588,446</u>

## *City of Heath, Ohio*

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$108,830	\$79,556	\$109,310	\$111,399
Assigned	42,354	483,099	368,215	400,358
Unassigned	<u>3,363,560</u>	<u>2,730,440</u>	<u>3,187,395</u>	<u>2,473,305</u>
<i>Total General Fund</i>	<u>3,514,744</u>	<u>3,293,095</u>	<u>3,664,920</u>	<u>2,985,062</u>
All Other Governmental Funds				
Nonspendable	87,846	89,134	76,285	110,490
Restricted	959,738	1,237,199	1,121,720	1,265,681
Committed	1,981,100	2,004,556	1,845,600	2,133,328
Unassigned	<u>(129,613)</u>	<u>(134,960)</u>	<u>(13,677)</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>2,899,071</u>	<u>3,195,929</u>	<u>3,029,928</u>	<u>3,509,499</u>
<i>Total Governmental Funds</i>	<u><u>\$6,413,815</u></u>	<u><u>\$6,489,024</u></u>	<u><u>\$6,694,848</u></u>	<u><u>\$6,494,561</u></u>

Source: City Auditor's Office

***City of Heath, Ohio***

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2015	2016	2017	2018	2019	2020
\$92,140	\$149,022	\$156,165	\$166,587	\$156,401	\$182,726
553,846	657,639	681,475	544,515	188,281	1,047,966
2,521,638	2,946,820	2,615,466	4,099,621	5,151,733	4,554,088
3,167,624	3,753,481	3,453,106	4,810,723	5,496,415	5,784,780
87,499	77,760	86,709	85,463	91,002	98,645
975,602	1,912,114	1,647,773	1,865,120	2,450,142	2,154,804
1,928,153	1,710,558	1,535,396	1,652,937	2,675,283	3,107,747
0	(10,230)	(33,228)	0	0	0
2,991,254	3,690,202	3,236,650	3,603,520	5,216,427	5,361,196
\$6,158,878	\$7,443,683	\$6,689,756	\$8,414,243	\$10,712,842	\$11,145,976

## *City of Heath, Ohio*

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

	2011	2012	2013	2014
<b>Revenues:</b>				
Taxes	\$6,484,185	\$6,577,781	\$7,108,267	\$6,903,383
Intergovernmental Revenues	1,564,668	4,810,389	2,635,926	1,617,442
Charges for Services	896,001	951,566	837,316	853,057
Licenses and Permits	24,697	40,331	15,867	17,872
Investment Earnings	82,186	126,018	16,848	65,477
Fines and Forfeitures	39,504	43,048	47,797	42,425
All Other Revenue	256,438	120,470	335,403	146,084
<b>Total Revenue</b>	<u>9,347,679</u>	<u>12,669,603</u>	<u>10,997,424</u>	<u>9,645,740</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,949,955	5,006,695	4,984,224	5,232,686
Public Health and Welfare Services	56,000	56,500	55,970	55,970
Leisure Time Activities	1,291,498	1,158,961	1,080,375	1,111,702
Community Environment	322,269	274,696	272,127	249,678
Basic Utility Services	252,530	0	0	0
Transportation	1,382,405	4,341,346	2,632,997	1,376,248
General Government	1,360,970	1,334,738	1,307,183	1,400,963
Debt Service:				
Principal Retirement	322,047	344,037	265,049	371,439
Interest and Fiscal Charges	164,084	123,368	190,548	85,509
<b>Total Expenditures</b>	<u>10,101,758</u>	<u>12,640,341</u>	<u>10,788,473</u>	<u>9,884,195</u>
Excess (Deficiency) of Revenues Over Expenditures	(754,079)	29,262	208,951	(238,455)



*City of Heath, Ohio*

2015	2016	2017	2018	2019	2020
\$7,202,848	\$7,888,491	\$7,510,219	\$10,092,690	\$10,969,614	\$10,571,977
1,201,765	1,265,540	1,440,276	4,088,411	1,849,601	2,154,242
861,981	964,331	973,753	1,040,589	1,167,985	547,239
28,924	66,272	92,882	115,362	176,181	184,862
137,416	140,161	96,091	163,323	464,517	367,937
68,319	63,549	54,448	62,494	56,385	29,059
180,555	126,074	193,114	191,386	210,965	532,432
<u>9,681,808</u>	<u>10,514,418</u>	<u>10,360,783</u>	<u>15,754,255</u>	<u>14,895,248</u>	<u>14,387,748</u>
5,792,998	5,334,164	6,116,970	5,796,579	6,613,062	7,288,286
55,970	57,369	57,369	57,369	57,943	58,522
1,001,695	1,025,447	1,058,451	1,113,746	1,264,602	708,489
292,709	282,702	266,458	245,842	317,859	383,008
0	0	0	0	0	1,273
1,440,761	1,439,671	1,535,393	4,751,693	2,201,218	2,749,228
1,381,407	1,368,483	1,413,827	1,538,505	1,554,234	2,205,410
382,906	482,667	588,964	651,639	523,444	536,961
76,542	80,671	77,399	67,617	60,187	44,946
<u>10,424,988</u>	<u>10,071,174</u>	<u>11,114,831</u>	<u>14,222,990</u>	<u>12,592,549</u>	<u>13,976,123</u>
(743,180)	443,244	(754,048)	1,531,265	2,302,699	411,625

(Continued)

## *City of Heath, Ohio*

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Other Financing Sources (Uses):</b>				
Capital Leases Issued	61,655	49,319	0	0
Installment Loan Issued	0	0	0	0
Refunding Bonds Issued	1,325,000	1,300,000	0	0
Premium on Refunding Bonds Issued	7,861	40,480	0	0
Payment to Refunded Bond Escrow Agent	(1,283,255)	(1,301,248)	0	0
Transfers In	1,223,023	788,460	784,025	1,281,395
Transfers Out	(1,223,023)	(806,460)	(784,025)	(1,281,395)
<b>Total Other Financing Sources (Uses)</b>	<u>111,261</u>	<u>70,551</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<u>(\$642,818)</u>	<u>\$99,813</u>	<u>\$208,951</u>	<u>(\$238,455)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	7.86%	4.68%	5.16%	5.04%

Source: City Auditor's Office

*City of Heath, Ohio*

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2015	2016	2017	2018	2019	2020
435,678	117,027	0	190,436	0	0
0	740,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
785,000	791,368	924,111	950,683	2,205,233	2,149,166
(785,000)	(791,368)	(924,111)	(950,683)	(2,205,233)	(2,149,166)
435,678	857,027	0	190,436	0	0
(\$307,502)	\$1,300,271	(\$754,048)	\$1,721,701	\$2,302,699	\$411,625
4.76%	6.30%	6.92%	7.71%	5.16%	5.06%

## *City of Heath, Ohio*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$386,532	\$410,854	\$412,596	\$410,699
Total Tax Collected	\$5,448,282	\$5,568,605	\$6,128,745	\$5,942,600
Income Tax Receipts				
Withholding	4,366,508	4,490,301	4,469,690	4,456,950
Percentage	80.15%	80.64%	72.93%	75.00%
Corporate	715,508	714,709	1,266,038	1,064,014
Percentage	13.13%	12.83%	20.66%	17.90%
Individuals	366,266	363,595	393,017	421,636
Percentage	6.72%	6.53%	6.41%	7.10%

Source: City Income Tax Department

*City of Heath, Ohio*

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2015	2016	2017	2018	2019	2020
1.50%	1.50%	1.50%	2.00%	2.00%	2.00%
\$430,205	\$441,505	\$458,424	\$472,652	\$485,570	\$485,570
\$6,072,725	\$6,597,206	\$6,394,316	\$8,587,950	\$9,719,207	\$9,102,968
4,526,078	4,799,454	4,799,257	6,466,780	7,063,626	7,276,015
74.53%	72.75%	75.06%	75.30%	72.68%	79.93%
1,069,468	1,321,692	1,124,958	1,566,290	1,866,460	1,124,742
17.61%	20.03%	17.59%	18.24%	19.20%	12.36%
477,179	476,060	470,101	554,880	789,121	702,211
7.86%	7.22%	7.35%	6.46%	8.12%	7.71%



# City of Heath, Ohio

## Income Tax Statistics Current Year and Nine Years Ago

### Calendar Year 2020

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.22%	\$169,374,200	37.21%	\$3,387,484	37.21%
All Others	4,458	99.78%	285,774,200	62.79%	5,715,484	62.79%
Total	4,468	100.00%	\$455,148,400	100.00%	\$9,102,968	100.00%

### Calendar Year 2011

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.20%	\$155,703,072	42.87%	\$2,335,546	42.87%
All Others	4,987	99.80%	207,515,733	57.13%	3,112,736	57.13%
Total	4,997	100.00%	\$363,218,805	100.00%	\$5,448,282	100.00%

Source: City Income Tax Department

## *City of Heath, Ohio*

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

	2011	2012	2013	2014
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$3,555,000	\$3,225,000	\$2,985,000	\$2,640,000
Installment Loan Payable	0	0	0	0
Capital Leases	49,979	90,261	65,212	38,773
<b>Business-type Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	1,520,000	1,870,000	2,970,000	2,570,000
Ohio Water Development Authority Loans	6,081,565	5,942,607	5,650,424	5,360,803
Ohio Public Works Commission Loan	93,828	90,352	380,566	353,326
General Obligation Notes Payable	0	0	0	0
Capital Leases	0	0	0	0
Total Primary Government	<u>\$11,300,372</u>	<u>\$11,218,220</u>	<u>\$12,051,202</u>	<u>\$10,962,902</u>
<b>Population</b> <sup>(2)</sup>				
City of Heath	10,310	10,310	10,310	10,310
Outstanding Debt Per Capita	\$1,096	\$1,088	\$1,169	\$1,063
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	386,532	410,854	412,596	410,699
Percentage of Personal Income	2.92%	2.73%	2.92%	2.67%

**Sources:**

- (1) City Auditor's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation



*City of Heath, Ohio*

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2015	2016	2017	2018	2019	2020
\$2,285,000	\$1,925,000	\$1,560,000	\$1,185,000	\$935,000	\$680,000
0	710,000	592,610	477,907	360,943	241,670
446,545	470,905	364,331	392,831	236,351	73,663
2,160,000	1,735,000	1,538,492	1,375,245	1,074,583	760,153
5,052,270	5,363,436	5,729,538	5,333,868	4,924,946	4,502,319
335,166	326,086	418,129	527,008	496,986	481,975
0	0	588,000	0	0	0
460,000	373,175	283,814	191,880	97,298	0
<u>\$10,738,981</u>	<u>\$10,903,602</u>	<u>\$11,074,914</u>	<u>\$9,483,739</u>	<u>\$8,126,107</u>	<u>\$6,739,780</u>
10,310	10,310	10,310	10,310	10,310	10,310
\$1,042	\$1,058	\$1,074	\$920	\$788	\$654
430,205	441,505	458,424	472,652	485,570	485,570
2.50%	2.47%	2.42%	2.01%	1.67%	1.39%

**City of Heath, Ohio**

*Ratios of General Bonded Debt Outstanding  
Last Ten Years*

Year	2011	2012	2013	2014
<b>Population</b> <sup>(1)</sup>	10,310	10,310	10,310	10,310
<b>Assessed Value</b> <sup>(2)</sup>	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$5,075,000	\$5,095,000	\$5,955,000	\$5,210,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$0	\$0	\$0	\$0
<b>Net General Bonded Debt</b>	\$5,075,000	\$5,095,000	\$5,955,000	\$5,210,000
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	1.89%	1.88%	2.18%	1.92%
<b>Net Bonded Debt per Capita</b>	\$492.24	\$494.18	\$577.59	\$505.33

**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.

*City of Heath, Ohio*

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2015	2016	2017	2018	2019	2020
10,310	10,310	10,310	10,310	10,310	10,310
\$261,546,140	\$266,502,766	\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111
\$4,445,000	\$3,660,000	\$3,098,492	\$2,560,245	\$2,009,583	\$1,440,153
\$0	\$0	\$0	\$0	\$0	\$0
\$4,445,000	\$3,660,000	\$3,098,492	\$2,560,245	\$2,009,583	\$1,440,153
1.70%	1.37%	1.06%	0.86%	0.66%	0.43%
\$431.13	\$355.00	\$300.53	\$248.33	\$194.92	\$139.69



**City of Heath, Ohio**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2020*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Heath (1)</u>	<u>Amount Applicable to the City of Heath</u>
<b>Direct:</b>			
City of Heath	\$995,333	100.00%	\$995,333
<b>Overlapping:</b>			
Heath City School District	8,714,285	6.70%	583,857
Licking County	35,034,574	98.20%	34,403,952
		Subtotal	<u>34,987,809</u>
		Total	<u><u>\$35,983,142</u></u>

**Source:** Licking County

(1) Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

## City of Heath, Ohio

### Debt Limitations Last Ten Years

Collection Year	2011	2012	2013	2014
<b>Total Debt</b>				
Net Assessed Valuation	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	28,165,125	28,431,936	28,652,196	28,476,984
City Debt Outstanding (2)	3,555,000	3,225,000	2,985,000	2,640,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>3,555,000</u>	<u>3,225,000</u>	<u>2,985,000</u>	<u>2,640,000</u>
Overall Legal Debt Margin	<u><u>\$24,610,125</u></u>	<u><u>\$25,206,936</u></u>	<u><u>\$25,667,196</u></u>	<u><u>\$25,836,984</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	14,753,161	14,892,919	15,008,293	14,916,516
City Debt Outstanding (2)	3,555,000	3,225,000	2,985,000	2,640,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>3,555,000</u>	<u>3,225,000</u>	<u>2,985,000</u>	<u>2,640,000</u>
Overall Legal Debt Margin	<u><u>\$11,198,161</u></u>	<u><u>\$11,667,919</u></u>	<u><u>\$12,023,293</u></u>	<u><u>\$12,276,516</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

*City of Heath, Ohio*

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2015	2016	2017	2018	2019	2020
\$261,546,140	\$266,502,766	\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,462,345	27,982,790	30,599,465	31,362,049	31,822,227	35,021,082
2,285,000	1,925,000	1,560,000	1,185,000	935,000	680,000
0	0	0	0	0	0
2,285,000	1,925,000	1,560,000	1,185,000	935,000	680,000
\$25,177,345	\$26,057,790	\$29,039,465	\$30,177,049	\$30,887,227	\$34,341,082
\$261,546,140	\$266,502,766	\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,385,038	14,657,652	16,028,291	16,427,740	16,668,786	18,344,376
2,285,000	1,925,000	1,560,000	1,185,000	935,000	680,000
0	0	0	0	0	0
2,285,000	1,925,000	1,560,000	1,185,000	935,000	680,000
\$12,100,038	\$12,732,652	\$14,468,291	\$15,242,740	\$15,733,786	\$17,664,376

## *City of Heath, Ohio*

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

Calendar Year	2011	2012	2013	2014	2015
<b>Population</b> <sup>(1)</sup>					
City of Heath	10,310	10,310	10,310	10,310	10,310
Licking County	166,492	166,492	166,492	166,492	166,492
<b>Income</b> <sup>(2) (a)</sup>					
Total Personal (in thousands)	386,532	410,854	412,596	410,699	430,205
Per Capita	37,491	39,850	40,019	39,835	41,727
<b>Unemployment Rate</b> <sup>(3)</sup>					
Federal	8.9%	8.1%	7.4%	6.2%	4.4%
State	8.6%	7.2%	7.4%	5.7%	4.9%
Licking County	8.0%	6.5%	6.9%	5.1%	5.3%
<b>Civilian Work Force Estimates</b> <sup>(3)</sup>					
State	5,806,500	5,747,900	5,765,700	5,719,500	5,700,300
Licking County	84,400	84,800	85,800	87,200	83,600

**Sources:**

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2019 for the presentation of 2020 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics



*City of Heath, Ohio*

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2016	2017	2018	2019	2020
10,310	10,310	10,310	10,310	10,310
166,492	166,492	166,492	166,492	166,492
441,505	458,424	472,652	485,570	485,570
42,823	44,464	45,844	47,097	47,097
4.9%	4.4%	3.9%	3.7%	8.1%
4.9%	5.0%	4.6%	4.1%	8.1%
4.3%	4.2%	4.0%	3.7%	6.5%
5,713,100	5,780,000	5,754,900	5,802,300	5,754,300
87,900	89,800	89,000	90,500	90,700



## *City of Heath, Ohio*

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

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

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

**Sources:**

City of Heath Income Tax Department

Note: Total employees within the City limits is not available.

## City of Heath, Ohio

### Full Time Equivalent Employees by Function Last Ten Years

	2011	2012	2013	2014
<b>Governmental Activities</b>				
General Government				
Mayor	1.00	1.00	1.00	1.00
Auditor	1.00	1.00	1.50	1.50
Council	7.00	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00	1.00
Legal	2.00	2.00	1.00	1.00
Administration	3.25	3.25	3.25	3.25
Income Tax	4.00	4.00	4.00	4.00
Service	0.50	0.50	0.50	5.00
Security of Persons and Property				
Police	19.50	18.50	18.00	18.00
Fire	16.00	16.00	16.00	16.00
Communications	6.00	7.00	8.00	8.00
Transportation				
Street	7.50	7.50	7.50	6.00
Leisure Time Activities				
Recreation / Parks	4.75	4.75	3.75	4.75
Water Park	40.50	40.50	33.50	38.00
Community Environment				
Zoning	2.00	2.00	2.00	2.00
<b>Business-Type Activities</b>				
Utilities				
Water	9.00	9.00	10.00	10.00
Sewer	8.75	7.75	7.75	8.75
<i>Total Employees</i>	<u>133.75</u>	<u>132.75</u>	<u>125.75</u>	<u>135.25</u>

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

\* - Did not open in 2020 due to the COVID-19 Pandemic

Source: City Auditor's Office

*City of Heath, Ohio*

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2015	2016	2017	2018	2019	2020
1.00	1.00	1.00	1.00	1.00	1.00
1.50	1.00	1.00	1.00	1.00	1.00
7.00	7.00	7.00	7.00	7.00	7.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
3.25	3.25	3.25	3.25	3.25	3.25
4.00	4.00	4.00	4.00	4.00	4.00
0.50	0.50	0.50	0.50	0.50	0.50
18.00	18.00	17.00	19.00	20.00	20.00
16.00	16.00	16.00	16.00	20.00	21.00
8.00	7.00	8.00	8.00	8.00	8.00
6.00	6.00	6.00	6.50	7.50	7.50
4.75	4.75	4.75	4.25	4.25	4.25
38.00	35.75	36.00	38.00	42.00	0 *
2.00	2.00	2.00	2.00	2.00	2.00
9.25	10.00	10.75	10.75	10.25	9.25
8.25	8.75	8.75	8.75	8.25	8.25
<u>129.50</u>	<u>127.00</u>	<u>128.00</u>	<u>132.00</u>	<u>141.00</u>	<u>99.00</u>

## City of Heath, Ohio

### Operating Indicators by Function Last Ten Years

	2011	2012	2013	2014
<b>Governmental Activities</b>				
General Government				
Council				
Members	7	7	7	7
Number of Ordinances passed	100	83	100	92
Number of Resolutions passed	10	10	7	7
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	1,054	813	697	662
Number of Arrests	548	547	613	658
Fire				
Number of Calls	2,052	2,303	2,393	2,420
Number of Inspections	392	395	390	400
Transportation				
Street				
Number of Streets Resurfaced	1	0	15	2
Leisure Time Activities				
Recreation / Parks				
Number of Pool/Water Park Memberships Sold	994	952	846	757
Community Environment				
Number of Building Permits	81	53	43	60
Number of Building Inspections	31	41	40	45
Number of Board of Building and Zoning Appeal Cases	17	9	8	11
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	3,764	3,800	3,700	3,824
Daily Average Consumption (thousands of gallons)	1,200	1,200	1,200	1,150
Maximun Daily Capacity (thousands of gallons)	4,000	4,000	4,000	4,000
Sewer				
Daily Average Sewage Treatment (thousands of gallons)	1,472	1,273	1,300	1,390

\* - Did not open in 2020 due to the COVID-19 Pandemic

Source: City Auditor's Office

*City of Heath, Ohio*

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2015	2016	2017	2018	2019	2020
7	7	7	7	7	7
91	61	95	66	68	75
4	5	6	7	9	7
1,143	1,189	1,017	883	1,223	758
603	780	746	670	692	578
2,506	2,752	2,782	2,857	2,909	2,674
272	78	177	106	224	39
8	1	7	4	11	6
721	763	794	716	795	0 *
82	73	67	139	68	79
82	51	67	107	22	75
12	12	17	13	8	21
3,825	3,825	4,485	4,490	4,490	4,495
1,200	1,200	1,200	1,250	1,300	1,395
4,000	4,000	4,000	4,000	4,000	4,000
1,290	1,290	1,230	1,250	1,300	1,350

## City of Heath, Ohio

### Capital Asset Statistics by Function Last Ten Years

	2011	2012	2013	2014
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	138	138	140	140
Buildings	23	23	23	23
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Vehicles	7	7	8	9
Fire				
Stations	2	2	2	2
Vehicles	9	10	10	10
Transportation				
Street				
Streets (lane miles)	91	94	94	94
Street Lights	709	709	709	709
Traffic Signals (Intersections)	19	19	19	19
Vehicles	14	14	14	14
Leisure Time Activities				
Recreation / Parks				
Land (acres)	376	376	376	376
Buildings	3	4	4	4
Parks	11	11	11	11
Playgrounds	4	4	4	4
Swimming Pools	1	1	1	1
Baseball/Softball Diamonds	8	8	8	8
Sand Volleyball Courts	2	2	2	2



*City of Heath, Ohio*

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2015	2016	2017	2018	2019	2020
140	140	204	458	458	461
23	23	24	23	24	25
1	1	1	1	1	1
9	9	8	9	9	10
2	2	2	2	2	2
10	10	11	11	10	12
95	95	95	95	95	95
709	709	709	709	710	710
19	19	19	19	19	19
14	14	15	15	15	16
376	376	376	376	376	376
4	4	4	4	4	4
11	11	11	11	11	11
4	4	4	4	4	4
1	1	1	1	1	1
8	8	8	8	8	8
2	2	2	2	2	2

(Continued)

# City of Heath, Ohio

## Capital Asset Statistics by Function Last Ten Years

	2011	2012	2013	2014
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	86	86	89	89
Pump Stations	3	4	5	5
Number of Hydrants	770	770	780	780
Average Daily Consumption	1,200,000	1,200,000	1,200,000	1,150,000
Storage Capacity (thousands of gallons)	2,380	2,383	2,383	2,383
Sewer				
Sewerlines (Miles)	116	116	117	117
Lift Stations	21	21	19	19
Storm Drains (Miles)	60	60	43	43
Treatment Capacity (thousands of gallons)	1,750	1,750	1,750	1,750

Source: City Auditor's Office

*City of Heath, Ohio*

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<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
89	90	90	90	90	90
5	5	5	5	5	5
788	793	794	800	800	805
1,200,000	1,200,000	1,200,000	1,200,000	1,300,000	1,350,000
2,383	2,600	2,600	2,600	2,600	2,600
117	118	118	118	118	120
18	18	18	18	18	18
43	49	49	49		
2,240	2,777	2,250	2,250	2,250	2,250



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF HEATH**

**LICKING COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 8/10/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)