



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF HEATH
LICKING COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S 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 generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 31, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-003 and 2021-005 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2021-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-002 and 2021-004.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2022

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2021-001

Significant Deficiency

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The City Auditor and Assistant City Auditor are responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board/Council and/or other administrator are responsible for reviewing the reconciliations and related support.

During our review of the City's monthly reconciliation process, we noted the following deficiencies:

- The City had 41 checks totaling \$12,459 outstanding longer than the 90 days permitted by the City's internal stale check policy.
- The City did not complete proper monthly reconciliations of cash (bank) balances to the accounting system.
- The City failed to properly account for \$11,789 in reconciling items at year end.
- The City did not maintain appropriate segregation of duties over monthly bank reconciliations as these were not reviewed and approved by the City Council or the City Auditor.
- The City had an unreconciled balance of \$14,092 as of December 31, 2021.

Failure to properly reconcile monthly increases the possibility the City will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The City Auditor's Office should prepare monthly bank to book cash reconciliations. The reconciliations should list all bank account balances and adjustments and compare this to the total fund (book) balance. Variances should be investigated, documented and corrected. In addition, the City Council and the City Auditor should review and approve the monthly bank reconciliations including the related support (such as reconciling items). The approval of the bank reconciliations by the City Auditor and the City Council should be documented.

Additionally, we recommend the City follow their outstanding checks policy, by voiding and re-issuing checks outstanding more than 90 days.

Officials' Response: The City will review its cash processing and internal controls process and make sure that we are reconciling in a timely manner.

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)

FINDING NUMBER 2021-002

Noncompliance

Ohio Rev. Code § 5705.14 states that except in the case of transfer pursuant to division (E) of this section, transfers authorized by this section shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members. According to **1989 Op. Att’y. Gen. No. 89-075**, a resolution passed by a simple majority of the legislative authority is required to transfer moneys from the general fund to any other fund of the subdivision. When moneys are transferred from a fund other than the general fund in accordance with **Ohio Rev. Code § 5705.14**, a resolution passed by a two-thirds majority is required.

During fiscal year 2021, the City transferred \$1,467,258 from the General Obligation Bond Retirement Fund to the Capital Improvement Fund without a resolution passed by a two-thirds majority.

Failing to adopt the appropriate resolutions prior to transferring monies could result in actions taken outside of the needs of City Council.

Prior to making transfers, the City should review all provisions of **Ohio Rev. Code § 5705.14** and establish a resolution passed by the correct number of council members. The City should seek advice from legal counsel whenever in question.

Officials’ Response: The City will verify all monies that are transferred are done with the vote of council and passed by a majority vote.

FINDING NUMBER 2021-003

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

We noted the following errors in financial statement presentation:

- On the Statement of Net Position, the City incorrectly classified \$4,950,903 of Governmental Activities' restricted monies for debt service as unrestricted net position.
- On the Balance Sheet, the City incorrectly classified \$4,950,903 of the General Obligation Debt Fund's monies as committed fund balance, instead of restricted fund balance. Additionally, \$741,382 of the Capital Improvement Fund's fund balance was incorrectly classified as committed, instead of assigned.

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)

FINDING NUMBER 2021-003 (Continued)

Material Weakness (Continued)

- On the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds, the City classified \$506,100 of Other Financing Sources- Sale of a Capital Asset as All Other Revenue.
- On the Statement of Net Position and Statements of Activities, the City overstated Non-Depreciable Capital Assets and Capital Grants and Contributions by \$506,100, respectively.

These reclassifications and adjustments are reflected in the financial statements.

Additionally, the City incorrectly classified budgeted revenues and budgeted expenditures on the Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund, Fire Levy Fund, American Rescue Plan Fund as well as on the Required Supplementary Schedules for the General Obligation Debt Service Fund, Capital Improvement Fund, Street Construction, Maintenance, and Repair Fund, County \$5 Permissive License Tax Fund, Swimming Pool Fund Municipal Motor Vehicle License Tax Fund, Law Enforcement Trust Fund, Local Coronavirus Relief Fund, and Central Parkway Fund. Refer to Finding 2021-005 for additional details on these errors.

Other misstatements ranging from \$58 to \$73,512 were identified under audit and have been brought to the City's attention.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The City should implement controls to help ensure that all transactions are reviewed to help ensure posting to the proper funds. Additionally, reporting inaccuracies can impact the decision-making of those charged with governance and the general public.

To help reduce errors and to increase the reliability of the financial data, we recommend the City review its internal controls over the reporting compilation process and review the identified errors to help prevent similar errors from occurring in subsequent years.

Officials' Response: The City will verify revenues and expenses and review our procedures/process to help ensure accuracy moving forward.

FINDING NUMBER 2021-004

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the City had the following expenditures in excess of appropriations:

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)

FINDING NUMBER 2021-004 (Continued)

Noncompliance (Continued)

Fund Name	Function	Expenditures	Appropriations	Total Expenditures in excess of appropriations
General Obligation Debt Service	Interest and Fiscal Charges	\$444,563	\$12,550	\$432,013
General Obligation Debt Service	Transfers Out	1,467,258	-	1,467,258
Capital Improvement Fund	Security of Persons and Property	190,559	144,380	46,179
Capital Improvement Fund	Leisure Time Activities	141,913	12,999	128,914
Capital Improvement Fund	Basic Utility Services	1,467,258	10,000	1,457,258
Capital Improvement Fund	Transportation General	2,298,628	1,726,497	572,131
Capital Improvement Fund	Government	290,419	70,600	219,819
Street Construction and Maintenance	Capital Outlay	241,723	107,000	134,723
County \$5 Permissive License Tax Fund	Capital Outlay	9,828	-	9,828
Municipal Motor Vehicle License Tax	Capital Outlay	32,507	-	32,507
Central Parkway Fund	Transportation	270,000	-	270,000
Central Parkway Fund	Interest and Fiscal Charges	76,238	-	76,238

City Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the City Auditor should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response: The City Auditor will deny any expense if the appropriations are inadequate.

FINDING NUMBER 2021-005

Material Weakness

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the City Council to make informed decisions regarding budgetary matters.

The appropriation resolution and subsequent amendments establish the legal spending authority of the City and the appropriation ledger provides the process by which the City controls spending; it is therefore necessary the amounts appropriated by the City Council are precisely stated and accurately posted to the appropriation ledger.

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)

FINDING NUMBER 2021-005 (Continued)

Material Weakness (Continued)

The estimated resources establish the amounts available for expenditures for the City and the receipts ledger provides the process by which the City controls what is available; it is therefore necessary the amounts estimated by City Council are posted accurately to the receipts ledger.

The City did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and estimated receipts (and/or amendments thereof) approved by City Council were not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated receipts to the ledgers resulted in overspending as noted in Finding 2021-004 as well as misstatements on the City's Statement of Revenues, Expenditures and Changes in Fund balance Budget and Actual (Non-GAAP Budgetary Basis) for the following funds as noted in Finding 2021-003: General Fund, Fire Levy, American Rescue Plan, General Obligation Debt Service, Capital Improvement, Street Construction, Maintenance and Repair, County \$5 Permissive License Tax, Swimming Pool, Municipal Motor Vehicle Tax, and Law Enforcement Trust. The respective financial reporting errors identified on the City's Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) are as follows:

<u>Fund Name</u>	<u>Original Budgeted Receipts</u>	<u>Amount Per Statement</u>	<u>Per Original Certificate</u>	<u>Variance</u>
General Fund	Taxes	8,004,344	8,287,509	(283,165)
General Fund	Intergovernmental Revenues	392,308	421,432	(29,124)
General Fund	Charges for Services	483,575	449,888	33,687
General Fund	Licenses and Permits	168,430	232,763	(64,333)
General Fund	Investment Earnings	175,000	76,049	98,951
General Fund	Fines and Forfeitures	12,200	7,110	5,090
General Fund	All Other Revenues	156,810	176,676	(19,866)
Fire Levy Fund	Taxes	806,613	862,017	(55,404)
Fire Levy Fund	Intergovernmental Revenues	55,404	-	55,404
American Rescue Plan	Intergovernmental Revenues	573,093	-	573,093

<u>Fund Name</u>	<u>Original Budgeted Expenditures</u>	<u>Amount Per Statement</u>	<u>Per Appropriation Resolution</u>	<u>Variance</u>
General Fund	Security of Persons and Property	6,240,913	5,934,848	306,065
General Fund	Community Environment	562,499	498,833	63,666
General Fund	General government	1,827,873	1,628,168	199,705
General Fund	Transfers Out	856,000	1,597,382	(741,382)

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)

FINDING NUMBER 2021-005 (Continued)

Material Weakness (Continued)

<u>Fund Name</u>	<u>Final Budgeted Receipts</u>	<u>Amount Per Statement</u>	<u>Per Final Certificate</u>	<u>Variance</u>
General Fund	Taxes	9,667,495	9,896,458	(228,963)
General Fund	Intergovernmental Revenues	451,021	503,249	(52,228)
General Fund	Charges for Services	506,623	537,230	(30,607)
General Fund	Licenses and Permits	248,575	277,953	(29,378)
General Fund	Investment Earnings	82,439	90,813	(8,374)
General Fund	Fines and Forfeitures	12,200	8,491	3,709
General Fund	All Other Revenues	156,810	210,976	(54,166)
General Obligation Debt Service Fund	Other	-	121,664	(121,664)
General Obligation Debt Service Fund	Taxes	553,777	-	553,777
Capital Improvement Fund	Taxes	685,629	-	685,629
Capital Improvement Fund	Intergovernmental Revenues	-	685,629	(685,629)
Central Parkway Fund	Investment Earnings	164	0	164
Central Parkway Fund	All Other Revenues	506,100	0	506,100
Swimming Pool Fund	Charges for Services	373,696	374,008	(312)

<u>Fund Name</u>	<u>Final Budgeted Expenses</u>	<u>Amount Per Statement</u>	<u>Per Amended Appropriation Resolution</u>	<u>Variance</u>
General Fund	Security of Persons and Property	6,299,621	5,976,726	322,895
General Fund	Community Environment	568,988	498,833	70,155
General Fund	General government	1,837,638	1,631,168	206,470
Street Construction, Maintenance, and Repair Fund	Materials and Supplies	215,316	210,600	4,716
Street Construction, Maintenance, and Repair Fund	Contractual Services	445,905	383,500	62,405
Street Construction, Maintenance, and Repair Fund	Capital Outlay	297,540	107,000	190,540
General Obligation Debt Service Fund	Interest and Fiscal Charges	444,663	12,550	432,113
General Obligation Debt Service Fund	Transfer Out	1,467,258	-	1,467,258
Capital Improvement Fund	Security of Persons and Property	190,990	144,380	46,179
Capital Improvement Fund	Leisure Time Activities	141,913	12,999	128,914
Capital Improvement Fund	Basic Utilities Services	1,467,258	10,000	1,457,258
Capital Improvement Fund	Transportation	2,329,830	1,726,497	1,450,470

**CITY OF HEATH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021
(CONTINUED)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)**

FINDING NUMBER 2021-005 (Continued)

Material Weakness (Continued)

Fund Name	Final Budgeted Expenses	Amount Per Statement	Per Amended Appropriation Resolution	Variance
Capital Improvement Fund	General government	293,349	70,600	222,749
County \$5 Permissive License Tax	Capital Outlay	17,000	-	17,000
Swimming Pool Fund	Leisure Time Activities	407,003	630,246	(223,243)
Swimming Pool Fund	Interest and Fiscal Charges	9,606	10,000	(394)
Central Parkway Fund	Transportation	270,000	0	270,000
Central Parkway Fund	Interest and Fiscal Charges	76,238	0	76,238
Municipal Motor Vehicle License Tax Fund	Capital Outlay	33,000	-	33,000

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the City should post to the ledgers, on a timely basis, estimated receipts and appropriations approved by the Council. City Council should then monitor budget versus actual reports for receipts and disbursements.

Officials' Response: The City will assure that all budgetary reports are accurate and updated with information from the Budget Commission and approved by City Council before any action is taken.

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CITY OF HEATH, OHIO

Licking County



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

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





CITY OF HEATH

Mark D. Johns
Mayor

Jay R. Morrow
Auditor

David C. Morrison
Director of Law

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

August 31, 2022

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

The City Auditor is pleased to present this Annual Comprehensive Financial Report for the City of Heath (the City) for the year ended December 31, 2021. 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

Letter of Transmittal For the Year Ended December 31, 2021

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

***Letter of Transmittal
For the Year Ended December 31, 2021***

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	5
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, 2021***

ECONOMIC OUTLOOK & MAJOR INITIATIVES

A good indicator that Heath businesses came out of a COVID-filled 2020 in good shape is the fact that the city's 2021 tax revenue exceeded its tax revenue from 2019. The city's retail and commercial business activity appeared to have moralized during 2021. Manufacturing businesses located on the campus of the Heath-Newark-Licking County Port Authority's Central Ohio Aerospace and Technology Center and throughout Heath's industrial corridor continued routine operations.

Future prospects for manufacturing growth were enhanced by city utility projects in 2021. A 12-inch water main was extended along manufacturing-zoned ground on Beaver Run Rd., and a wastewater project including a lift station was initiated to extend sanitary sewer to the west side of Thornwood Dr.

A 750,000 sq. ft. facility constructed for Owens Corning between Keller Dr. and Thornwood Dr. was completed in 2021. The HNLCPA also began construction of a 30,000 sq. ft. speculative manufacturing building on James Parkway. In recent years, Heath has enjoyed the benefit of having spec buildings constructed in the manufacturing corridor which were later occupied by quality tenants. Interest in new housing developments for Heath also was a popular topic during 2021.

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, 2021***

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, 2021***

OTHER INFORMATION

Independent Audit

An audit team from the Ohio Auditor of State 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 Annual Comprehensive Financial Report for the year ended December 31, 2020. 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 Annual Comprehensive 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.

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, 2021***

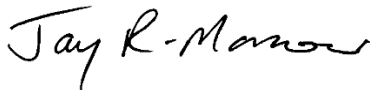
Acknowledgments

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; Jamie Mills, Assistant Auditor; Aimee Canter, HR Director; 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

***List of Principal Officials
For the Year Ended December 31, 2021***

<i>ELECTED OFFICIALS</i>	<i>OFFICE</i>	<i>TERM EXPIRES</i>	<i>SURETY</i>
Mark D. Johns	Mayor	12/31/2026	
Jay R. Morrow	Auditor	03/31/2024	B
Tim Kelley	Council Member – at Large President of Council	12/31/2024	
Chris Lawson	Council Member at Large President-Pro-Tem	12/31/2024	
Deborah Cole	Council Member at Large	12/31/2024	
Adam Porter	Council Member - Ward 1	12/31/2026	
Richard Morrow	Council Member - Ward 2	12/31/2026	
Doug Heffley	Council Member - Ward 3	12/31/2026	
Jeffrey Crabill	Council Member at Large	12/31/2024	

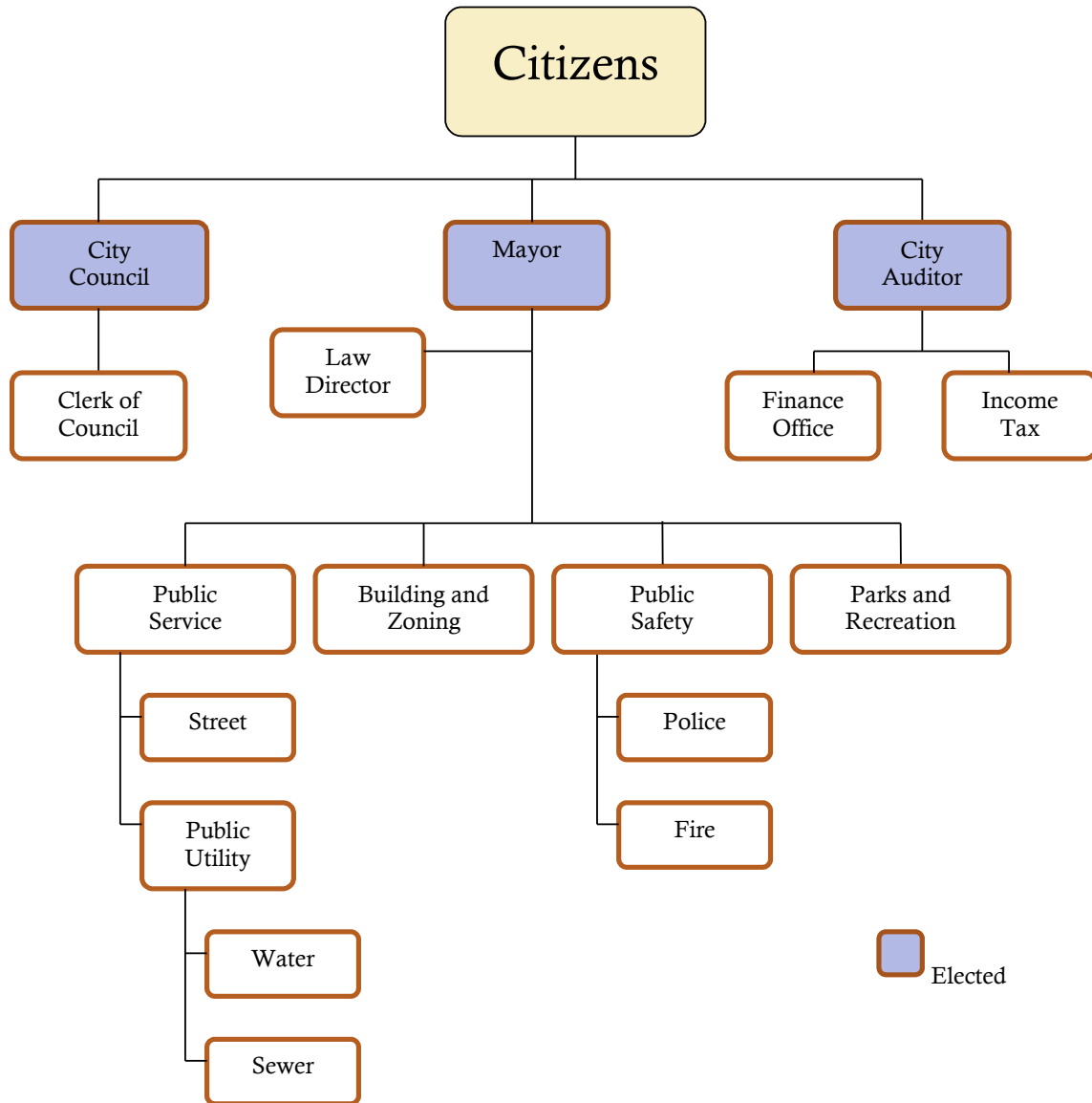
<i>ADMINISTRATIVE PERSONNEL</i>	<i>TITLE</i>	<i>TERM OF OFFICE</i>	<i>SURETY</i>
Bev Shepherd	Income Tax Commissioner	Indefinite	A
David Haren	Police Chief	Indefinite	
Warren McCord	Fire Chief	Indefinite	
John Geller	Utilities Director	Indefinite	
Robert Geller	Street and Parks Superintendent	Indefinite	
Jared Lane	Building and Zoning Inspector	Indefinite	
David C. Morrison	Law Director	Indefinite	
Jamie Mills	Assistant Auditor	Indefinite	
Tracy Dupps	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, 2021**



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*



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Heath
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited 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, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the City of Heath, Licking County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire Levy, and American Rescue Plan Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022, on our consideration of the City'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2022

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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, 2021. 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 2021 are as follows:

In total, net position increased \$5,495,234. Net position of governmental activities increased \$3,658,015 which represents a 9.6% increase from 2020. Net position of business-type activities increased \$1,837,219 or 9.3% from 2020.

General revenues accounted for \$13.9 million in revenue or 62.6% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for 37.4% of total revenues of \$22.1 million.

The City had \$12.8 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 \$13.8 million assisted in providing for these programs.

Among major funds, the general fund had \$12.4 million in revenues and \$9.9 million in expenditures and other financing uses. The general fund's fund balance increased \$2.5 million to \$8.3 million.

Net position for enterprise funds increased by \$1.8 million. Revenues increased 11.6% and expenses decreased 32.9% in 2021 when compared to 2020. The large negative OPEB expense in 2021 accounted for the majority of the decrease in expenses.

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, 2021**

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, 2021 and 2020:

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$23,146,230	\$15,026,536	\$7,862,995	\$7,367,104	\$31,009,225	\$22,393,640
Net OPEB Asset	232,023	0	109,790	0	341,813	0
Capital assets, Net	40,318,772	40,948,427	20,451,207	21,043,876	60,769,979	61,992,303
Total assets	63,697,025	55,974,963	28,423,992	28,410,980	92,121,017	84,385,943
Deferred Outflows of Resources	2,479,649	2,731,927	218,690	408,536	2,698,339	3,140,463
Net Pension Liability	10,186,223	10,965,206	979,882	1,518,303	11,166,105	12,483,509
Net OPEB Liability	1,261,302	3,011,551	0	988,696	1,261,302	4,000,247
Long-term debt outstanding	6,794,809	1,892,809	5,077,559	5,862,251	11,872,368	7,755,060
Other liabilities	1,053,379	632,170	141,562	219,352	1,194,941	851,522
Total liabilities	19,295,713	16,501,736	6,199,003	8,588,602	25,494,716	25,090,338
Deferred Inflows of Resources	5,170,554	4,152,762	838,926	463,380	6,009,480	4,616,142
Net position						
Net investment in Capital Assets	39,478,770	39,953,094	15,496,591	15,299,429	54,975,361	55,252,523
Restricted	7,849,731	2,581,575	0	0	7,849,731	2,581,575
Unrestricted	(5,618,094)	(4,482,277)	6,108,162	4,468,105	490,068	(14,172)
Total net position	\$41,710,407	\$38,052,392	\$21,604,753	\$19,767,534	\$63,315,160	\$57,819,926

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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, 2021***

Unaudited

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

In accordance with GASB 68 and GASB 75, the 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, 2021**

Unaudited

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for Services and Sales	\$1,204,558	\$812,340	\$5,108,539	\$4,560,692	\$6,313,097	\$5,373,032
Operating Grants and Contributions	1,076,535	1,660,100	0	0	1,076,535	1,660,100
Capital Grants and Contributions	372,422	226,739	0	12,000	372,422	238,739
Total Program Revenues	2,653,515	2,699,179	5,108,539	4,572,692	7,762,054	7,271,871
General revenues:						
Property Taxes	1,705,281	1,641,616	0	0	1,705,281	1,641,616
Income Taxes	11,436,345	8,936,297	0	0	11,436,345	8,936,297
Intergovernmental Revenue, Unrestricted	578,673	419,163	0	0	578,673	419,163
Investment Earnings	(100,174)	367,937	7,138	11,974	(93,036)	379,911
Miscellaneous	225,402	393,280	0	0	225,402	393,280
Total General Revenues	13,845,527	11,758,293	7,138	11,974	13,852,665	11,770,267
Total Revenues	16,499,042	14,457,472	5,115,677	4,584,666	21,614,719	19,042,138
Program Expenses:						
Security of Persons and Property	6,715,060	6,740,798	0	0	6,715,060	6,740,798
Public Health and Welfare Services	58,522	58,522	0	0	58,522	58,522
Leisure Time Activities	994,823	987,154	0	0	994,823	987,154
Community Environment	240,003	389,513	0	0	240,003	389,513
Basic Utility Services	314,745	1,273	0	0	314,745	1,273
Transportation	2,679,356	2,220,098	0	0	2,679,356	2,220,098
General Government	1,303,454	2,165,634	0	0	1,303,454	2,165,634
Interest and Fiscal Charges	535,064	38,653	0	0	535,064	38,653
Business Type Activities:						
Water	0	0	1,739,412	2,434,601	1,739,412	2,434,601
Sewer	0	0	1,539,046	2,417,446	1,539,046	2,417,446
Total Expenses	12,841,027	12,601,645	3,278,458	4,852,047	16,119,485	17,453,692
Total Change in Net Position	3,658,015	1,855,827	1,837,219	(267,381)	5,495,234	1,588,446
Beginning Net Position	38,052,392	36,196,565	19,767,534	20,034,915	57,819,926	56,231,480
Ending Net Position	\$41,710,407	\$38,052,392	\$21,604,753	\$19,767,534	\$63,315,160	\$57,819,926

Governmental Activities

Net position of the City's governmental activities increased by \$3,658,015. Revenues increased 14.1% and expenses increased 1.9%. The large fluctuation in revenues can be attributed to the large increase in income tax collections.

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.

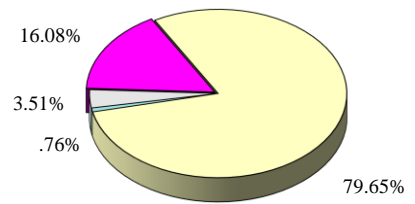
***Management’s Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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 10.33% and 69.32% respectively of revenues for governmental activities for the City in 2021. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 79.65% of total revenues from general tax revenues:

Revenue Sources	2021	Percent of Total
Intergovernmental Revenue, Unrestricted	\$578,673	3.51%
Program Revenues	2,653,515	16.08%
General Tax Revenues	13,141,626	79.65%
General Other	125,228	0.76%
Total Revenue	<u>\$16,499,042</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased by \$1,837,219. The 9.3% increase in net position can be attributed primarily to the large negative OPEB expense in 2021.

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$18,724,910, which is an increase from last year's balance of \$11,145,976. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2021 and 2020:

	Fund Balance December 31, 2021	Fund Balance December 31, 2020	Increase (Decrease)
General	\$8,290,349	\$5,784,780	\$2,505,569
Fire Levy	673,719	442,597	231,122
General Obligation Debt	4,950,903	960,634	3,990,269
Capital Improvement Fund	2,813,650	2,116,452	697,198
Other Governmental	1,996,289	1,841,513	154,776
Total	<u>\$18,724,910</u>	<u>\$11,145,976</u>	<u>\$7,578,934</u>

General Fund – The City's General Fund balance increased 43.3% from 2020. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2021 Revenues	2020 Revenues	Increase (Decrease)
Taxes	\$10,841,279	\$8,473,840	\$2,367,439
Intergovernmental Revenue	542,106	440,562	101,544
Charges for Services	573,759	538,949	34,810
Licenses and Permits	296,852	184,862	111,990
Investment Earnings	(102,806)	362,277	(465,083)
Fines and Forfeitures	8,726	10,355	(1,629)
All Other Revenue	225,402	393,280	(167,878)
Total	<u>\$12,385,318</u>	<u>\$10,404,125</u>	<u>\$1,981,193</u>

General Fund revenues increased by 19% over 2020. Tax collections accounted for the majority of increase and helped to offset decreases in investment earnings and miscellaneous revenues.

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

	2021 <u>Expenditures</u>	2020 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$5,561,409	\$5,260,078	\$301,331
Public Health and Welfare Services	58,522	58,522	0
Leisure Time Activities	589,307	554,392	34,915
Community Environment	343,778	383,008	(39,230)
General Government	1,491,703	1,710,723	(219,020)
Debt Service:			
Principal Retirement	11,172	10,446	726
Interest and Fiscal Charges	777	1,502	(725)
Total	<u>\$8,056,668</u>	<u>\$7,978,671</u>	<u>\$77,997</u>

General Fund expenditures increased by \$77,997 or .1% over the prior year. The overall changes are minimal.

Fire Levy Fund – The balance of this fund increased by \$231,122 or 52.2% over the prior year primarily as a result of a shift of personnel expenditures being reported in the General Fund in 2021 versus 2020.

General Obligation Debt Fund - The balance of this fund increased by \$3,990,269 as a direct result of the issuance of a new general obligation bond.

Capital Improvement Fund – The balance in this fund can vary depending upon the level of capital projects taking place in a given year. For 2021, the balance in this fund increased by \$697,198 primarily as a result of increased transfers in.

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 \$273,575. The majority of the increase was for additional transfers. The increases amongst the various functions were minimal.

**Management's Discussion and Analysis
For the Year Ended December 31, 2021**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021 the City had \$60,769,979 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$40,318,772 was related to governmental activities and \$20,451,207 to the business-type activities. The following table shows 2021 and 2020 balances:

	Governmental Activities		Increase (Decrease)
	2021	2020	
Land	\$9,692,881	\$10,198,981	(\$506,100)
Construction in Progress	0	538,227	(538,227)
Total Non-Depreciable Capital Assets	9,692,881	10,737,208	(1,044,327)
Buildings	6,635,038	6,635,038	0
Improvements Other Than Buildings	5,829,246	5,829,246	0
Machinery and Equipment	8,496,854	8,385,944	110,910
Infrastructure	34,861,173	33,975,985	885,188
Less: Accumulated Depreciation	(25,196,420)	(24,614,994)	(581,426)
Total Depreciable Capital Assets, Net	30,625,891	30,211,219	414,672
Totals	\$40,318,772	\$40,948,427	(\$629,655)

	Business-Type Activities		Increase (Decrease)
	2021	2020	
Land	\$985,374	\$985,374	\$0
Construction in Progress	0	158,316	(158,316)
Total Non-Depreciable Capital Assets	985,374	1,143,690	(158,316)
Buildings	17,018,225	17,018,225	0
Improvements Other Than Buildings	4,207,776	3,922,977	284,799
Machinery and Equipment	6,863,143	6,675,187	187,956
Infrastructure	19,848,150	19,782,363	65,787
Less: Accumulated Depreciation	(28,471,461)	(27,498,566)	(972,895)
Total Depreciable Capital Assets, Net	19,465,833	19,900,186	(434,353)
Totals	\$20,451,207	\$21,043,876	(\$592,669)

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, 2021***

Unaudited

Debt

At December 31, 2021, the City had \$6,291,084 in bonds outstanding, \$631,673 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Governmental Activities:		
General Obligation Bonds	\$5,853,938	\$680,000
Installment Loans Payable	120,000	241,670
Capital Leases	0	73,663
Compensated Absences	820,871	897,476
Total Governmental Activities	<u>6,794,809</u>	<u>1,892,809</u>
Business-Type Activities:		
General Obligation Bonds	437,146	760,153
OWDA Loans	4,065,517	4,502,319
OPWC Loans	451,953	481,975
Compensated Absences	122,943	117,804
Total Business-Type Activities	<u>5,077,559</u>	<u>5,862,251</u>
Totals	<u>\$11,872,368</u>	<u>\$7,755,060</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, 2021, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

Income tax collections for 2021 increased 28% from 2020.

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, 2021**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$ 19,330,312	\$ 6,921,303	\$ 26,251,615
Receivables:			
Taxes	3,172,356	0	3,172,356
Accounts	10,943	503,907	514,850
Intergovernmental	539,961	0	539,961
Internal Balances	(238,922)	238,922	0
Inventory of Supplies at Cost	124,688	129,020	253,708
Prepaid Items	152,002	69,843	221,845
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	54,890	0	54,890
Net OPEB Asset	232,023	109,790	341,813
Non-Depreciable Capital Assets	9,692,881	985,374	10,678,255
Depreciable Capital Assets, Net	30,625,891	19,465,833	50,091,724
Total Assets	63,697,025	28,423,992	92,121,017
Deferred Outflows of Resources:			
Pension	1,629,926	160,447	1,790,373
OPEB	849,723	58,243	907,966
Total Deferred Outflows of Resources	2,479,649	218,690	2,698,339
Liabilities:			
Accounts Payable	139,123	99,945	239,068
Accrued Wages and Benefits Payable	228,724	36,480	265,204
Intergovernmental Payable	600	0	600
Claims Payable	97,356	0	97,356
Unearned Revenue	573,093	0	573,093
Accrued Interest Payable	14,483	5,137	19,620
Noncurrent liabilities:			
Due within one year	424,043	824,041	1,248,084
Due in more than one year:			
Net Pension Liability	10,186,223	979,882	11,166,105
Net OPEB Liability	1,261,302	0	1,261,302
Other Amounts Due in More Than One Year	6,370,766	4,253,518	10,624,284
Total Liabilities	19,295,713	6,199,003	25,494,716

CITY OF HEATH, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	1,849,280	0	1,849,280
Pension	1,956,420	474,003	2,430,423
OPEB	1,364,854	364,923	1,729,777
Total Deferred Inflows of Resources:	<u>5,170,554</u>	<u>838,926</u>	<u>6,009,480</u>
Net Position:			
Net Investment in Capital Assets	39,478,770	15,496,591	54,975,361
Restricted For:			
Debt Service	4,950,903	0	4,950,903
Security of Persons	881,597	0	881,597
Transportation	1,635,090	0	1,635,090
Leisure Time Activities	125,201	0	125,201
General Government	256,940	0	256,940
Unrestricted (Deficit)	(5,618,094)	6,108,162	490,068
Total Net Position	<u>\$ 41,710,407</u>	<u>\$ 21,604,753</u>	<u>\$ 63,315,160</u>

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Activities
For the Year Ended December 31, 2021**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 6,715,060	\$ 612,322	\$ 114,998	\$ 21,135
Public Health and Welfare Services	58,522	0	0	0
Leisure Time Activities	994,823	349,410	0	12,780
Community Environment	240,003	204,138	0	0
Basic Utility Services	314,745	0	0	44,768
Transportation	2,679,356	22,448	961,537	265,003
General Government	1,303,454	16,240	0	28,736
Interest and Fiscal Charges	535,064	0	0	0
Total Governmental Activities	12,841,027	1,204,558	1,076,535	372,422
Business-Type Activities:				
Water	1,739,412	2,570,786	0	0
Sewer	1,539,046	2,537,753	0	0
Total Business-Type Activities	3,278,458	5,108,539	0	0
Totals	\$ 16,119,485	\$ 6,313,097	\$ 1,076,535	\$ 372,422

General Revenues:

Property Taxes
Municipal Income Taxes
Intergovernmental Revenues, Unrestricted
Investment Earnings
Miscellaneous
Total General Revenues
 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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,966,605)	\$ 0	\$ (5,966,605)
(58,522)	0	(58,522)
(632,633)	0	(632,633)
(35,865)	0	(35,865)
(269,977)	0	(269,977)
(1,430,368)	0	(1,430,368)
(1,258,478)	0	(1,258,478)
(535,064)	0	(535,064)
<u>(10,187,512)</u>	<u>0</u>	<u>(10,187,512)</u>
0	831,374	831,374
0	998,707	998,707
<u>0</u>	<u>1,830,081</u>	<u>1,830,081</u>
<u>(10,187,512)</u>	<u>1,830,081</u>	<u>(8,357,431)</u>
1,705,281	0	1,705,281
11,436,345	0	11,436,345
578,673	0	578,673
(100,174)	7,138	(93,036)
225,402	0	225,402
<u>13,845,527</u>	<u>7,138</u>	<u>13,852,665</u>
3,658,015	1,837,219	5,495,234
<u>38,052,392</u>	<u>19,767,534</u>	<u>57,819,926</u>
<u>\$ 41,710,407</u>	<u>\$ 21,604,753</u>	<u>\$ 63,315,160</u>

CITY OF HEATH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2021**

	General	Fire Levy	American Rescue Plan
Assets:			
Equity in Pooled Cash and Investments	\$ 7,130,372	\$ 680,469	\$ 573,093
Receivables:			
Taxes	1,917,907	881,660	0
Accounts	10,943	0	0
Intergovernmental	109,411	13,819	0
Inventory of Supplies, at Cost	52,896	0	0
Prepaid Items	126,624	4,052	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Total Assets	\$ 9,348,153	\$ 1,580,000	\$ 573,093
Liabilities:			
Accounts Payable	\$ 45,355	\$ 3,190	\$ 0
Accrued Wages and Benefits Payable	97,079	7,612	0
Intergovernmental Payable	600	0	0
Unearned Revenue	0	0	573,093
Total Liabilities	143,034	10,802	573,093
Deferred Inflows of Resources:			
Unavailable Amounts	153,183	25,322	0
Property Tax Levy for Next Fiscal Year	761,587	870,157	0
Total Deferred Inflows of Resources	914,770	895,479	0
Fund Balances:			
Nonspendable	179,520	4,052	0
Restricted	0	669,667	0
Committed	0	0	0
Assigned	888,935	0	0
Unassigned	7,221,894	0	0
Total Fund Balances	8,290,349	673,719	0
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,348,153	\$ 1,580,000	\$ 573,093

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

General Obligation Debt	Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 4,885,955	\$ 2,798,064	\$ 1,915,703	\$ 17,983,656
68,187	84,422	220,180	3,172,356
0	0	0	10,943
0	0	416,731	539,961
0	0	71,792	124,688
0	0	21,326	152,002
0	0	54,890	54,890
<u>\$ 4,954,142</u>	<u>\$ 2,882,486</u>	<u>\$ 2,700,622</u>	<u>\$ 22,038,496</u>
\$ 0	\$ 64,826	\$ 25,752	\$ 139,123
0	0	124,033	228,724
0	0	0	600
0	0	0	573,093
<u>0</u>	<u>64,826</u>	<u>149,785</u>	<u>941,540</u>
3,239	4,010	337,012	522,766
0	0	217,536	1,849,280
<u>3,239</u>	<u>4,010</u>	<u>554,548</u>	<u>2,372,046</u>
0	0	93,118	276,690
4,950,903	0	1,859,333	7,479,903
0	2,072,268	43,838	2,116,106
0	741,382	0	1,630,317
0	0	0	7,221,894
<u>4,950,903</u>	<u>2,813,650</u>	<u>1,996,289</u>	<u>18,724,910</u>
<u>\$ 4,954,142</u>	<u>\$ 2,882,486</u>	<u>\$ 2,700,622</u>	<u>\$ 22,038,496</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2021***

Total Governmental Fund Balances \$ 18,724,910

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

Capital Assets used in governmental activities are not resources and
therefore are not reported in the funds. 40,318,772

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. 522,766

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. (6,809,292)

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. (12,057,127)

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. 1,010,378

Net Position of Governmental Activities \$ 41,710,407

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, 2021**

	General	Fire Levy	General Obligation Debt
Revenues:			
Taxes	\$ 10,841,279	\$ 815,629	\$ 618,409
Intergovernmental Revenues	542,106	27,638	0
Charges for Services	573,759	0	0
Licenses and Permits	296,852	0	0
Investment Earnings	(102,806)	64	0
Fines and Forfeitures	8,726	0	0
All Other Revenue	225,402	726	0
Total Revenues	<u>12,385,318</u>	<u>844,057</u>	<u>618,409</u>
Expenditures:			
Current:			
Security of Persons and Property	5,561,409	518,817	0
Public Health and Welfare Services	58,522	0	0
Leisure Time Activities	589,307	0	0
Community Environment	343,778	0	0
Basic Utility Services	0	0	0
Transportation	0	0	0
General Government	1,491,703	0	0
Debt Service:			
Principal Retirement	11,172	91,670	165,000
Interest and Fiscal Charges	777	2,448	444,563
Total Expenditures	<u>8,056,668</u>	<u>612,935</u>	<u>609,563</u>
Excess (Deficiency) of Revenues Over Expenditures	4,328,650	231,122	8,846
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	0
Issuance of General Obligation Bond	0	0	5,020,000
Premium on General Obligation Bond Issued	0	0	428,681
Transfers In	0	0	0
Transfers Out	(1,823,081)	0	(1,467,258)
Total Other Financing Sources (Uses)	<u>(1,823,081)</u>	<u>0</u>	<u>3,981,423</u>
Net Change in Fund Balances	2,505,569	231,122	3,990,269
Fund Balances at Beginning of Year	<u>5,784,780</u>	<u>442,597</u>	<u>960,634</u>
Fund Balances End of Year	<u>\$ 8,290,349</u>	<u>\$ 673,719</u>	<u>\$ 4,950,903</u>

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 765,649	\$ 182,599	\$ 13,223,565
372,422	1,039,911	1,982,077
0	344,189	917,948
0	0	296,852
0	2,568	(100,174)
0	32,560	41,286
0	36,803	262,931
<u>1,138,071</u>	<u>1,638,630</u>	<u>16,624,485</u>
141,263	676,645	6,898,134
0	0	58,522
89,848	403,965	1,083,120
0	0	343,778
314,745	0	314,745
1,862,072	1,624,369	3,486,441
241,585	85,324	1,818,612
0	192,491	460,333
0	88,859	536,647
<u>2,649,513</u>	<u>3,071,653</u>	<u>15,000,332</u>
(1,511,442)	(1,433,023)	1,624,153
0	506,100	506,100
0	0	5,020,000
0	0	428,681
2,208,640	1,117,699	3,326,339
0	(36,000)	(3,326,339)
<u>2,208,640</u>	<u>1,587,799</u>	<u>5,954,781</u>
697,198	154,776	7,578,934
<u>2,116,452</u>	<u>1,841,513</u>	<u>11,145,976</u>
<u>\$ 2,813,650</u>	<u>\$ 1,996,289</u>	<u>\$ 18,724,910</u>

CITY OF HEATH, OHIO

***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, 2021***

Net Change in Fund Balances - Total Governmental Funds \$ 7,578,934

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay. (101,071)

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. (528,584)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (125,443)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,037,487

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. 562,900

The issuance of long-term debt provides current financial resources while the repayment of principal of long-term debt consumes current financial resources of governmental funds, however, neither effect net position. (4,988,348)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,583

Some expenses reported in the statement of activities, such as change in compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 3,015

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. 217,542

Change in Net Position of Governmental Activities \$ 3,658,015

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, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,287,509	\$ 9,896,458	\$ 10,569,372	\$ 672,914
Intergovernmental Revenue	421,432	503,249	537,468	34,219
Charges for Services	449,888	537,230	573,759	36,529
Licenses and Permits	232,763	277,953	296,852	18,899
Investment Earnings	76,049	90,813	96,988	6,175
Fines and Forfeitures	7,110	8,491	9,068	577
All Other Revenues	176,676	210,976	225,321	14,345
Total Revenues	<u>9,651,427</u>	<u>11,525,170</u>	<u>12,308,828</u>	<u>783,658</u>
Expenditures:				
Current:				
Security of Persons and Property	5,934,848	5,976,726	5,768,345	208,381
Public Health and Welfare Services	58,525	58,525	58,522	3
Leisure Time Activities	796,098	799,096	641,400	157,696
Community Environment	498,833	498,833	390,931	107,902
General Government	1,628,168	1,631,168	1,609,218	21,950
Total Expenditures	<u>8,916,472</u>	<u>8,964,348</u>	<u>8,468,416</u>	<u>495,932</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	734,955	2,560,822	3,840,412	1,279,590
Other Financing Sources (Uses):				
Transfers Out	<u>(1,597,382)</u>	<u>(1,823,081)</u>	<u>(1,823,081)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(1,597,382)</u>	<u>(1,823,081)</u>	<u>(1,823,081)</u>	<u>0</u>
Net Change in Fund Balance	(862,427)	737,741	2,017,331	1,279,590
Fund Balance at Beginning of Year	4,710,673	4,710,673	4,710,673	0
Prior Year Encumbrances	219,088	219,088	219,088	0
Fund Balance at End of Year	<u>\$ 4,067,334</u>	<u>\$ 5,667,502</u>	<u>\$ 6,947,092</u>	<u>\$ 1,279,590</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, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 862,017	\$ 815,627	\$ 815,629	\$ 2
Intergovernmental Revenue	0	27,638	27,638	0
Investment Earnings	0	57	64	7
All Other Revenues	4,000	726	726	0
Total Revenues	<u>866,017</u>	<u>844,048</u>	<u>844,057</u>	<u>9</u>
Expenditures:				
Current:				
Security of Persons and Property	577,021	600,540	535,125	65,415
Debt Service:				
Principal Retirement	92,000	92,000	91,322	678
Interest and Fiscal Charges	2,500	2,500	2,438	62
Total Expenditures	<u>671,521</u>	<u>695,040</u>	<u>628,885</u>	<u>66,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	194,496	149,008	215,172	66,164
Fund Balance at Beginning of Year	447,008	447,008	447,008	0
Prior Year Encumbrances	5,728	5,728	5,728	0
Fund Balance at End of Year	<u>\$ 647,232</u>	<u>\$ 601,744</u>	<u>\$ 667,908</u>	<u>\$ 66,164</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 – American Rescue Plan Fund
For the Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 0	\$ 573,093	\$ 573,093	\$ 0
Total Revenues	<u>0</u>	<u>573,093</u>	<u>573,093</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	573,093	573,093	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 573,093</u>	<u>\$ 573,093</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
ASSETS:				
Current assets:				
Equity in Pooled Cash and Investments	\$ 2,779,792	\$ 4,141,511	\$ 6,921,303	\$ 1,346,656
Receivables:				
Accounts	248,960	254,947	503,907	0
Inventory of Supplies at Cost	120,911	8,109	129,020	0
Prepaid Items	35,108	34,735	69,843	0
Total current assets	<u>3,184,771</u>	<u>4,439,302</u>	<u>7,624,073</u>	<u>1,346,656</u>
Noncurrent assets:				
Net OPEB Asset	56,340	53,450	109,790	0
Non-Depreciable Capital Assets	893,427	91,947	985,374	0
Depreciable Capital Assets, Net	10,823,888	8,641,945	19,465,833	0
Total noncurrent assets	<u>11,773,655</u>	<u>8,787,342</u>	<u>20,560,997</u>	<u>0</u>
Total Assets	<u>14,958,426</u>	<u>13,226,644</u>	<u>28,185,070</u>	<u>1,346,656</u>
Deferred Outflows of Resources:				
Pension	82,338	78,109	160,447	0
OPEB	29,888	28,355	58,243	0
Total Deferred Outflows of Resources	<u>112,226</u>	<u>106,464</u>	<u>218,690</u>	<u>0</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	32,033	67,912	99,945	0
Accrued Wages and Benefits Payable	18,322	18,158	36,480	0
Claims Payable	0	0	0	97,356
Accrued Interest Payable	5,137	0	5,137	0
General Obligation Bonds Payable - Current	326,673	0	326,673	0
OWDA Loans Payable - Current	58,304	393,160	451,464	0
OPWC Loans Payable - Current	26,546	3,476	30,022	0
Compensated Absences Payable - Current	9,155	6,727	15,882	0
Total current liabilities	<u>476,170</u>	<u>489,433</u>	<u>965,603</u>	<u>97,356</u>

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	110,473	0	110,473	0
OWDA Loans Payable	1,048,252	2,565,801	3,614,053	0
OPWC Loans Payable	364,600	57,331	421,931	0
Compensated Absences Payable	43,486	63,575	107,061	0
Net Pension Liability	502,840	477,042	979,882	0
Total noncurrent liabilities	<u>2,069,651</u>	<u>3,163,749</u>	<u>5,233,400</u>	<u>0</u>
Total Liabilities	<u>2,545,821</u>	<u>3,653,182</u>	<u>6,199,003</u>	<u>97,356</u>
Deferred Inflows of Resources:				
Pension	243,241	230,762	474,003	0
OPEB	187,265	177,658	364,923	0
Total Deferred Inflows of Resources	<u>430,506</u>	<u>408,420</u>	<u>838,926</u>	<u>0</u>
NET POSITION:				
Net Investment in Capital Assets	9,782,467	5,714,124	15,496,591	0
Unrestricted	<u>2,311,858</u>	<u>3,557,382</u>	<u>5,869,240</u>	<u>1,249,300</u>
Total net position	<u>\$ 12,094,325</u>	<u>\$ 9,271,506</u>	<u>21,365,831</u>	<u>\$ 1,249,300</u>
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	
				238,922
			Net Position of Business-type Activities	<u>\$ 21,604,753</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, 2021**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds		Total Enterprise Funds	
	Water	Sewer		
Operating Revenues:				
Charges for Services	\$ 2,565,293	\$ 2,511,667	\$ 5,076,960	\$ 1,441,500
Other Operating Revenue	5,493	26,086	31,579	234,281
Total Operating Revenues	<u>2,570,786</u>	<u>2,537,753</u>	<u>5,108,539</u>	<u>1,675,781</u>
Operating Expenses:				
Personal Services	310,574	302,522	613,096	0
Contractual Services	601,927	649,050	1,250,977	0
Materials and Supplies	213,339	88,785	302,124	0
Health Claims Expense	0	0	0	1,405,764
Depreciation	594,058	414,709	1,008,767	0
Total Operating Expenses	<u>1,719,898</u>	<u>1,455,066</u>	<u>3,174,964</u>	<u>1,405,764</u>
Operating Income (Loss)	850,888	1,082,687	1,933,575	270,017
Non-operating Revenue (Expenses):				
Investment Earnings	64	7,074	7,138	0
Interest and Fiscal Charges	(46,817)	(109,152)	(155,969)	0
Total Non-operating Revenues (Expenses)	<u>(46,753)</u>	<u>(102,078)</u>	<u>(148,831)</u>	<u>0</u>
Change in Net Position	804,135	980,609	1,784,744	270,017
Net Position Beginning of Year	<u>11,290,190</u>	<u>8,290,897</u>	<u>19,581,087</u>	<u>979,283</u>
Net Position End of Year	<u>\$ 12,094,325</u>	<u>\$ 9,271,506</u>	<u>21,365,831</u>	<u>\$ 1,249,300</u>
			Change in Net Position - Total Enterprise Funds	1,784,744
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	52,475
			Change in Net Position - Business-type Activities	<u>\$ 1,837,219</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, 2021**

	Business-Type Activities Enterprise Funds			Governmental- Activities Internal Service Fund
	Water	Sewer	Total	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,544,554	\$2,518,580	\$5,063,134	\$0
Cash Received from Interfund Services	0	0	0	1,441,500
Cash Payments for Goods and Services	(886,466)	(763,207)	(1,649,673)	(1,407,635)
Cash Payments to Employees	(884,915)	(833,580)	(1,718,495)	0
Other Operating Cash Receipts	5,493	26,086	31,579	234,281
Net Cash Provided by Operating Activities	<u>778,666</u>	<u>947,879</u>	<u>1,726,545</u>	<u>268,146</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal Paid on General Obligation Bonds	(323,007)	0	(323,007)	0
Acquisition and Construction of Assets	(125,787)	(309,603)	(435,390)	0
Principal Paid on Ohio Water Development Authority Loans	(57,030)	(379,772)	(436,802)	0
Principal Paid on Ohio Public Works Commission Loans	(26,546)	(3,476)	(30,022)	0
Interest Paid on All Debt	(49,521)	(109,152)	(158,673)	0
Net Cash Used for Capital and Related Financing Activities	<u>(581,891)</u>	<u>(802,003)</u>	<u>(1,383,894)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	64	7,074	7,138	0
Net Cash Provided for Investing Activities	<u>64</u>	<u>7,074</u>	<u>7,138</u>	<u>0</u>
Net Increase in Cash and Cash Equivalents	196,839	152,950	349,789	268,146
Cash and Cash Equivalents at Beginning of Year	2,582,953	3,988,561	6,571,514	1,078,510
Cash and Cash Equivalents at End of Year	<u>\$2,779,792</u>	<u>\$4,141,511</u>	<u>\$6,921,303</u>	<u>\$1,346,656</u>

CITY OF HEATH, OHIO

	Business-Type Activities Enterprise Funds			Governmental- Activities
	Water	Sewer	Total	Internal Service Fund
<u>Reconciliation of Operating Income to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income	\$850,888	\$1,082,687	\$1,933,575	\$270,017
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	594,058	414,709	1,008,767	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(20,758)	6,913	(13,845)	0
(Increase) in Inventory	(62,090)	(363)	(62,453)	0
(Increase) in Prepaid Items	(7,594)	(9,735)	(17,329)	0
(Increase) in Net OPEB Asset	(56,340)	(53,450)	(109,790)	0
Decrease in Deferred Outflows - Pension	40,443	38,263	78,706	0
Decrease in Deferred Outflows - OPEB	57,077	54,063	111,140	0
Decrease in Accounts Payable	(2,567)	(13,913)	(16,480)	0
Decrease in Health Claims Payable	0	0	0	(1,871)
Decrease in Accrued Wages and Benefits Payable	(20,762)	(18,552)	(39,314)	0
Increase (Decrease) in Compensated Absences Payable	(1,686)	6,825	5,139	0
Increase in Deferred Inflows - Pension	77,853	74,083	151,936	0
Increase in Deferred Inflows - OPEB	114,702	108,908	223,610	0
Decrease in Net Pension Liability	(276,841)	(261,580)	(538,421)	0
Decrease in Net OPEB Liability	(507,717)	(480,979)	(988,696)	0
Total Adjustments	(72,222)	(134,808)	(207,030)	(1,871)
Net Cash Provided by Operating Activities	\$778,666	\$947,879	\$1,726,545	\$268,146

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2021 the Sewer Fund had a liability of \$50,530 for the purchase of capital assets.

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

**Statement of Net Position
Fiduciary Fund
December 31, 2021**

	Private Purpose Trust
Assets:	
Equity in Pooled Cash and Investments	\$ 16,464
Total Assets	<u>16,464</u>
Liabilities:	
Total Liabilities	<u>0</u>
Net Position:	
Unrestricted	16,464
Total Net Position	<u>\$ 16,464</u>

See accompanying notes to the basic financial statements

CITY OF HEATH, OHIO

***Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2021***

	Private Purpose Trust
Additions:	
Contributions	\$ 3,254
Total Additions	<u>3,254</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Position	3,254
Net Position at Beginning of Year	<u>13,210</u>
Net Position End of Year	<u>\$ 16,464</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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, 2021 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, 2021***

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 restricted for the operations of the Fire Department.

American Rescue Plan Fund - This fund accounts for money received from the federal government to provide funding for loss of revenue and help address economic fallout from the COVID-19 pandemic.

General Obligation Debt Fund - This fund is used to account for payments of principal and interest on the City's general obligation bonds.

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. 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, 2021***

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, 2021***

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, 2021 but which are not intended to finance 2021 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, 2021***

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 2021.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 2021, 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 ensure 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, 2021**

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 major special revenue funds:

	Net Change in Fund Balance		
	General	Fire Levy	American Rescue Plan
GAAP Basis (as reported)	\$2,505,569	\$231,122	\$0
Increase (Decrease):			
Accrued Revenues at December 31, 2021 received during 2022	(1,156,912)	0	0
Accrued Revenues at December 31, 2020 received during 2021	1,080,422	0	0
Accrued Expenditures at December 31, 2021 paid during 2022	143,034	10,802	573,093
Accrued Expenditures at December 31, 2020 paid during 2021	(408,129)	(15,293)	0
Change in Inventory	(3,302)	0	0
2021 Prepays for 2022	(126,624)	(4,052)	0
2020 Prepays for 2021	133,132	5,154	0
Outstanding Encumbrances	(149,859)	(12,561)	0
Budget Basis	<u>\$2,017,331</u>	<u>\$215,172</u>	<u>\$573,093</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During year 2021, 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 consumption method is used to account for inventories. As such, inventories are recognized as expenditures when goods are used. Reported inventories in governmental funds are offset by a nonspendable fund balance.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 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, 2021***

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
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, 2021***

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, 2021***

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, 2021. 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, 2021***

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, 2021. 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, 2021***

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.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.”

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. The implementation of this statement had no effect on beginning of year net position/fund balance.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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	General Obligation Debt	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid Items	\$126,624	\$4,052	\$0	\$0	\$21,326	\$152,002
Supplies Inventory	52,896	0	0	0	71,792	124,688
Total Nonspendable	<u>179,520</u>	<u>4,052</u>	<u>0</u>	<u>0</u>	<u>93,118</u>	<u>276,690</u>
Restricted:						
Transportation Projects	0	0	0	0	1,522,664	1,522,664
Park Maintenance	0	0	0	0	125,201	125,201
Debt Service	0	0	4,950,903	0	0	4,950,903
Law Enforcement	0	0	0	0	147,034	147,034
Fire Department	0	669,667	0	0	64,434	734,101
Total Restricted	<u>0</u>	<u>669,667</u>	<u>4,950,903</u>	<u>0</u>	<u>1,859,333</u>	<u>7,479,903</u>
Committed:						
Swimming Pool	0	0	0	0	43,838	43,838
Capital Improvements	0	0	0	2,072,268	0	2,072,268
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,072,268</u>	<u>43,838</u>	<u>2,116,106</u>
Assigned:						
Goods and Services	128,427	0	0	0	0	128,427
Capital Improvements	0	0	0	741,382	0	741,382
Projected Budget Deficit	760,508	0	0	0	0	760,508
Total Assigned	<u>888,935</u>	<u>0</u>	<u>0</u>	<u>741,382</u>	<u>0</u>	<u>1,630,317</u>
Unassigned	<u>7,221,894</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,221,894</u>
Total Fund Balances	<u><u>\$8,290,349</u></u>	<u><u>\$673,719</u></u>	<u><u>\$4,950,903</u></u>	<u><u>\$2,813,650</u></u>	<u><u>\$1,996,289</u></u>	<u><u>\$18,724,910</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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	\$61,696
Delinquent Property Tax Revenue	24,269
Shared Revenues	436,801
	<u>\$522,766</u>

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$5,853,938)
Installment Loans Payable	(120,000)
Capital Leases Payable	0
Accrued Interest on Long-Term Debt	(14,483)
Compensated Absences Payable	(820,871)
	<u>(\$6,809,292)</u>

Net pension and OPEB liabilities/deferred inflows/outflows:

Net OPEB Asset	232,023
Deferred Outflows - Pension	\$1,629,926
Deferred Outflows - OPEB	849,723
Net Pension Liability	(10,186,223)
Net OPEB Liability	(1,261,302)
Deferred Inflows - Pension	(1,956,420)
Deferred Inflows - OPEB	(1,364,854)
	<u>(\$12,057,127)</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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 depreciation exceeded capital outlay in the current period:

Capital Outlay	\$1,282,890
Depreciation Expense	(1,383,961)
	<u>(\$101,071)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Income Tax Revenue	(\$89,848)
Increase in Delinquent Property Tax	7,909
Decrease in Shared Revenue	(43,504)
	<u>(\$125,443)</u>

Contractually required contributions reported as deferred outflows:

Pension	\$1,021,098
OPEB	16,389
	<u>\$1,037,487</u>

Pension and OPEB expense:

Pension	(\$695,601)
OPEB	1,258,501
	<u>\$562,900</u>

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

General Obligation Bond Principal	\$265,000
Issuance of General Obligation Bonds	(5,020,000)
Premium on General Obligation Bonds Issued	(428,681)
Installment Loan Payment	121,670
Capital Lease Payments	73,663
	<u>(\$4,988,348)</u>

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$3,015
	<u>\$3,015</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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, 2021***

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 \$13,217,768 and the bank balance was \$13,467,595. Federal depository insurance covered \$500,000 of the bank balance and \$12,967,595 was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

B. Cash With Fiscal Agent

The City has uninsured and uncollateralized cash in the amount of \$54,890 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, 2021**

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

C. Investments

The City's investments at December 31, 2021 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
Money Market	\$66,844	AAAm ¹	N/A	0.51%	\$66,844	\$0	\$0
FNMA	514,771	AA+	Level 2	3.94%	\$0	\$270,859	\$243,912
FHLB	2,239,603	AA+	Level 2	17.17%	0	74,392	2,165,211
FHLMC	684,278	AA+	Level 2	5.24%	0	0	684,278
FFCB	2,225,317	AA+	Level 2	17.05%	499,402	1,299,882	426,033
US Treasury Note	864,380	AA+	Level 2	6.62%	0	0	864,380
Commercial Paper	889,496	AA+	Level 2	6.82%	889,496	0	0
Negotiable C/D's	5,565,622	AAA ¹	Level 2	42.65%	1,761,476	3,601,511	202,635
Total Investments	<u>\$13,050,311</u>			<u>100.00%</u>	<u>\$3,217,218</u>	<u>\$5,246,644</u>	<u>\$4,586,449</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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 2021 were levied after October 1, 2020 on assessed values as of January 1, 2020, 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 2021. 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, 2021 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2021 levy was based was \$335,294,094. This amount constitutes \$311,219,964 in real property assessed value and \$24,074,130 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, 2021 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 2021 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, 2021**

NOTE 6 - TAXES (Continued)

B. Income Tax

The City levies a tax of 2.0% 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 1.5% 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, 2021 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 2021:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$1,823,081
General Obligation Debt Fund	0	1,467,258
Capital Improvement Fund	2,208,640	0
Other Governmental Funds	1,117,699	36,000
Totals	<u>\$3,326,339</u>	<u>\$3,326,339</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, 2021**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2021:

<i>Historical Cost:</i>	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Class				
Non-Depreciable Capital Assets:				
Land	\$10,198,981	\$0	(\$506,100)	\$9,692,881
Construction in Progress	538,227	0	(538,227)	0
Subtotal	<u>10,737,208</u>	<u>0</u>	<u>(1,044,327)</u>	<u>9,692,881</u>
Depreciable Capital Assets:				
Buildings	6,635,038	0	0	6,635,038
Improvements other than Buildings	5,829,246	0	0	5,829,246
Machinery and Equipment	8,385,944	730,466	(619,556)	8,496,854
Infrastructure	33,975,985	1,090,651	(205,463)	34,861,173
Subtotal	<u>54,826,213</u>	<u>1,821,117</u>	<u>(825,019)</u>	<u>55,822,311</u>
Total Cost	<u>\$65,563,421</u>	<u>\$1,821,117</u>	<u>(\$1,869,346)</u>	<u>\$65,515,192</u>
Accumulated Depreciation:				
Class	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Buildings	(\$3,920,935)	(\$127,781)	\$0	(\$4,048,716)
Improvements other than Buildings	(3,460,311)	(231,169)	0	(3,691,480)
Machinery and Equipment	(5,143,766)	(441,849)	618,406	(4,967,209)
Infrastructure	(12,089,982)	(583,162)	184,129	(12,489,015)
Total Depreciation	<u>(\$24,614,994)</u>	<u>(\$1,383,961)*</u>	<u>\$802,535</u>	<u>(\$25,196,420)</u>
Net Value:	<u>\$40,948,427</u>			<u>\$40,318,772</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$370,019
Leisure Time Activities	249,206
Community Environment	9,215
Transportation	749,706
General Government	5,815
Total Depreciation Expense	<u>\$1,383,961</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2021:

<i>Historical Cost:</i>	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Class				
<i>Non-Depreciable Capital Assets:</i>				
Land	\$985,374	\$0	\$0	\$985,374
Construction in Progress	158,316	0	(158,316)	0
Subtotal	<u>1,143,690</u>	<u>0</u>	<u>(158,316)</u>	<u>985,374</u>
<i>Depreciable Capital Assets:</i>				
Buildings	17,018,225	0	0	17,018,225
Improvements Other Than Buildings	3,922,977	284,799	0	4,207,776
Machinery and Equipment	6,675,187	223,828	(35,872)	6,863,143
Infrastructure	19,782,363	65,787	0	19,848,150
Subtotal	<u>47,398,752</u>	<u>574,414</u>	<u>(35,872)</u>	<u>47,937,294</u>
Total Cost	<u>\$48,542,442</u>	<u>\$574,414</u>	<u>(\$194,188)</u>	<u>\$48,922,668</u>
<i>Accumulated Depreciation:</i>				
Class	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Buildings	(\$9,435,623)	(\$425,750)	\$0	(\$9,861,373)
Improvements Other Than Buildings	(2,151,933)	(125,131)	0	(2,277,064)
Machinery and Equipment	(5,367,433)	(165,440)	35,872	(5,497,001)
Infrastructure	(10,543,577)	(292,446)	0	(10,836,023)
Total Depreciation	<u>(\$27,498,566)</u>	<u>(\$1,008,767)</u>	<u>\$35,872</u>	<u>(\$28,471,461)</u>
<i>Net Value:</i>	<u>\$21,043,876</u>			<u>\$20,451,207</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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, 2021**

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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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%.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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.

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. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. 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. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$477,960 for 2021.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 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. (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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 participating in the DROP program have separate eligibility requirements related to COLA.

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, 2021**

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>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
2021 Actual Contribution Rates		
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	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$696,658 for 2021.

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, 2020, 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, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,050,707	\$8,115,398	\$11,166,105
Proportion of the Net Pension Liability-2021	0.020602%	0.119045%	
Proportion of the Net Pension Liability-2020	0.021757%	0.121473%	
Percentage Change	<u>(0.001155%)</u>	<u>(0.002428%)</u>	
Pension Expense	(\$26,930)	\$568,272	\$541,342

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$136,102	\$136,102
Differences between expected and actual experience	0	339,249	339,249
Change in proportionate share	19,619	120,785	140,404
City contributions subsequent to the measurement date	<u>477,960</u>	<u>696,658</u>	<u>1,174,618</u>
Total Deferred Outflows of Resources	<u>\$497,579</u>	<u>\$1,292,794</u>	<u>\$1,790,373</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,189,078	\$393,650	\$1,582,728
Differences between expected and actual experience	127,614	316,154	443,768
Change in proportionate share	<u>159,036</u>	<u>244,891</u>	<u>403,927</u>
Total Deferred Inflows of Resources	<u>\$1,475,728</u>	<u>\$954,695</u>	<u>\$2,430,423</u>

\$1,174,618 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2022	(\$587,834)	(\$59,544)	(\$647,378)
2023	(221,397)	116,873	(104,524)
2024	(484,707)	(359,348)	(844,055)
2025	(162,171)	(55,684)	(217,855)
2026	<u>0</u>	<u>(856)</u>	<u>(856)</u>
Total	<u>(\$1,456,109)</u>	<u>(\$358,559)</u>	<u>(\$1,814,668)</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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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, 2020 and December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>December 31, 2020</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)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age
	<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

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 2020 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 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

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	\$5,819,241	\$3,050,707	\$748,677

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, 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, 2020, compared with January 1, 2019, are presented below.

	January 1, 2020	January 1, 2019
Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
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	2.2 percent simple	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, 2020 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, 2020 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, 2021***

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 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 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, 2020 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

* levered 2x

Note: Assumptions are geometric

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 1.25 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, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2020, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2019 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	\$11,297,683	\$8,115,398	\$5,452,159

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) 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 (asset) 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 (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the 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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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' Annual Comprehensive Financial Report 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 2021, 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, 2021***

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 2021. 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 2021 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 2021.

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 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, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 2021, 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 \$16,389 for 2021.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$341,813)	\$1,261,302	
Proportion of the Net OPEB Liability (Asset) -2021	0.019186%	0.119045%	
Proportion of the Net OPEB Liability-2020	<u>0.020274%</u>	<u>0.121473%</u>	
Percentage Change	<u>(0.001088%)</u>	<u>(0.00243%)</u>	
OPEB Expense	(\$2,105,968)	\$83,731	(\$2,022,237)

CITY OF HEATH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$168,040	\$696,799	\$864,839
Change in proportionate share	12,121	14,617	26,738
City contributions subsequent to the measurement date	0	16,389	16,389
Total Deferred Outflows of Resources	<u>\$180,161</u>	<u>\$727,805</u>	<u>\$907,966</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$182,053	\$46,871	\$228,924
Changes in assumptions	553,841	201,075	754,916
Differences between expected and actual experience	308,482	208,049	516,531
Change in proportionate share	91,751	137,655	229,406
Total Deferred Inflows of Resources	<u>\$1,136,127</u>	<u>\$593,650</u>	<u>\$1,729,777</u>

\$16,389 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2022	(\$501,549)	\$17,979	(\$483,570)
2023	(353,854)	29,076	(324,778)
2024	(79,114)	11,577	(67,537)
2025	(21,449)	21,773	324
2026	0	20,498	20,498
2027	0	14,333	14,333
2028	0	2,530	2,530
Total	<u>(\$955,966)</u>	<u>\$117,766</u>	<u>(\$838,200)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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, 2019, rolled forward to the measurement date of December 31, 2020. 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	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Prior Measurement date	10.5 percent initial, 3.5 percent ultimate in 2030
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, 2021***

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.

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 2020 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	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 percent.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$84,994)	(\$341,813)	(\$552,941)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) 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 (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates and the expected net OPEB liability (asset) 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 2021 is 8.50 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 (asset)	(\$350,145)	(\$341,813)	(\$332,493)

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, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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, 2020, with actuarial liabilities rolled forward to December 31, 2020	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
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	2.96 percent	3.56 percent
Cost of Living Adjustments	2.2 percent simple	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, 2021***

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, 2020, are summarized below:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

* levered 2x

Note: Assumptions are geometric

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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 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 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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 2.96 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 (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$1,572,771	\$1,261,302	\$1,004,376

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.

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, 2021, the City's accumulated, unpaid compensated absences amounted to \$943,814. Of this amount, \$820,871 is recorded as Governmental Activities on the Entity Wide Statement of Net Position (\$89,043 is reported as due within one year), \$122,943 is recorded as Business-type activities (\$15,882 is reported as due within one year).

CITY OF HEATH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2021 were as follows:

	Original Liability		Balance December 31, 2020	Additions	(Reductions)	Balance December 31, 2021	Amounts Due Within One Year	
Governmental Activities:								
General Obligation Bonds:								
2.00 - 3.63%	Swimming Pool Refunding	\$1,325,000	2022	\$265,000	\$0	(\$130,000)	\$135,000	\$135,000
2.00 - 3.00%	S.R. 79 Refunding	1,300,000	2023	415,000	0	(135,000)	280,000	140,000
3.00 - 4.00%	Various Purpose Bond	5,020,000	2043	0	5,020,000	0	5,020,000	30,000
	Premium on Various Purpose	428,681		0	428,681	(9,743)	418,938	0
	Total General Obligation Bonds			680,000	5,448,681	(274,743)	5,853,938	305,000
Installment Loans Payable:								
2.67%	Fire Equipment	440,000	2021	91,670	0	(91,670)	0	0
0.00%	Port Authority	300,000	2025	150,000	0	(30,000)	120,000	30,000
	Total Installment Loans Payable			241,670	0	(121,670)	120,000	30,000
	Capital Leases	642,053		73,663	0	(73,663)	0	0
	Compensated Absences			897,476	102,890	(179,495)	820,871	89,043
	Total Governmental Long-Term Debt			\$1,892,809	\$5,551,571	(\$649,571)	\$6,794,809	\$424,043
Business Type Activities:								
General Obligation Bond:								
2.00 - 2.50%	Franklin Ave. Waterline	555,000	2022	\$120,000	\$0	(\$60,000)	\$60,000	\$60,000
1.25 - 3.00%	Water Plant Improvement	1,495,000	2022	320,000	0	(160,000)	160,000	160,000
2.88%	Water System Improvement	238,492	2023	124,397	0	(40,278)	84,119	41,454
4.01%	2018- Water System Improvement	313,700	2023	195,756	0	(62,729)	133,027	65,219
	Total General Obligation Bonds			760,153	0	(323,007)	437,146	326,673
Ohio Water Development Authority Loans:								
3.76%	Loan SRF-4011	2,757,604	2024	771,029	0	(182,124)	588,905	189,037
3.25%	Loan SRF-5657	4,110,016	2032	2,567,704	0	(197,648)	2,370,056	204,123
2.20%	Linville Road Water Tower	630,564	2038	1,163,586	0	(57,030)	1,106,556	58,304
	Total OWDA Loans			4,502,319	0	(436,802)	4,065,517	451,464
Ohio Public Works Commission Loans:								
0.00%	Sewer Replacement & Expansion	104,256	2038	64,283	0	(3,476)	60,807	3,476
0.00%	Water Main & Booster Station	293,690	2033	198,243	0	(14,684)	183,559	14,684
0.00%	Industrial Dual Water Feed	237,242	2038	219,449	0	(11,862)	207,587	11,862
	Total OPWC Loans			481,975	0	(30,022)	451,953	30,022
	Compensated Absences			117,804	40,480	(35,341)	122,943	15,882
	Total Business Type Long-Term Debt			\$5,862,251	\$40,480	(\$825,172)	\$5,077,559	\$824,041

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire long-term debt outstanding at December 31, 2021 were as follows:

Years	Governmental Activities			
	General Obligation Bonds		Installment Loans Payable	
	Principal	Interest	Principal	Interest
2022	\$305,000	\$173,794	\$30,000	\$0
2023	305,000	163,800	30,000	0
2024	175,000	154,650	30,000	0
2025	175,000	149,400	30,000	0
2026	185,000	144,150	0	0
2027-2031	1,030,000	604,950	0	0
2032-2036	1,220,000	418,200	0	0
2037-2041	1,415,000	223,650	0	0
2042-2043	625,000	28,200	0	0
Totals	\$5,435,000	\$2,060,794	\$120,000	\$0

Years	Business-Type Activities					
	General Obligation Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$326,673	\$14,037	\$451,464	\$120,008	\$30,022	\$0
2023	110,473	3,938	466,628	104,844	30,022	0
2024	0	0	482,312	89,159	30,022	0
2025	0	0	287,148	74,905	30,022	0
2026	0	0	295,905	66,147	30,022	0
2027-2031	0	0	1,620,734	189,529	150,110	0
2032-2036	0	0	380,132	32,603	113,398	0
2037-2038	0	0	81,194	1,354	38,335	0
Totals	\$437,146	\$17,975	\$4,065,517	\$678,549	\$451,953	\$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 \$135,000 at December 31, 2021, 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, 2021***

NOTE 13 - 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 \$280,000 at December 31, 2021, 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 \$451,953 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, 2021***

NOTE 14 - 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, 2021***

NOTE 14 - RISK MANAGEMENT (Continued)

The claims liability of \$97,356 reported in the fund at December 31, 2021 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 2020 and 2021 were:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
2020	\$185,311	\$2,001,542	(\$2,087,626)	\$99,227
2021	99,227	1,405,764	(1,407,635)	97,356

NOTE 15 - 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 16 – OTHER COMMITMENTS

At December 31, 2021, the City's cash basis commitments for encumbrances were as follows:

<u>Fund</u>	<u>Year-End Commitment</u>
General Fund	\$149,859
Fire Levy Fund	12,561
Capital Improvement Fund	1,776,427
Other Governmental Funds	145,096
Water Fund	143,272
Sewer Fund	242,864
Total	<u><u>\$2,470,079</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 17 – TAX ABATEMENT DISCLOSURES

As of December 31, 2021, 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 2021:

	Total Amount of Taxes Abated (Incentives Abated) For the Year 2020 (In Actual Dollars)
<u>Community Reinvestment Area (CRA)</u>	
All CRA Properties	\$95,300

NOTE 18 – 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.

NOTE 19 - COMPLIANCE

The City did not have adequate appropriations in place at the time expenditures were made contrary to **Ohio Rev. Code § 5705.41(B)**. Additionally, the City transferred money from the General Obligation Bond Retirement Fund to the Capital Improvement Fund without a resolution passed by a two-thirds majority contrary to **Ohio Rev. Code § 5705.14**.



REQUIRED SUPPLEMENTARY INFORMATION

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

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
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	<u>2013</u>	<u>2014</u>	<u>2015</u>
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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
0.021617%	0.021078%	0.021340%	0.021757%	0.020602%
\$4,908,883	\$3,306,674	\$5,844,593	\$4,300,418	\$3,050,707
\$2,704,108	\$2,547,531	\$2,875,700	\$3,305,479	\$2,714,900
181.53%	129.80%	203.24%	130.10%	112.37%
77.25%	84.66%	74.70%	82.17%	86.88%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
0.123476%	0.119660%	0.118566%	0.121473%	0.119045%
\$7,820,818	\$7,344,090	\$9,678,119	\$8,183,091	\$8,115,398
\$2,550,539	\$2,610,245	\$2,369,088	\$3,174,476	\$2,741,612
306.63%	281.36%	408.52%	257.78%	296.01%
68.36%	70.91%	63.07%	69.89%	70.65%

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

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 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 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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$324,493	\$331,179	\$402,598	\$462,767	\$380,086	\$477,960
<u>324,493</u>	<u>331,179</u>	<u>402,598</u>	<u>462,767</u>	<u>380,086</u>	<u>477,960</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	\$3,414,000
12.00%	13.00%	14.00%	14.00%	14.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$539,361	\$552,313	\$500,708	\$673,420	\$581,338	\$696,658
<u>539,361</u>	<u>552,313</u>	<u>500,708</u>	<u>673,420</u>	<u>581,338</u>	<u>696,658</u>
<u>\$0</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	\$3,277,854
21.15%	21.16%	21.14%	21.21%	21.20%	21.25%

CITY OF HEATH, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

<u>2019</u>	<u>2020</u>
0.020274%	0.019186%
\$2,800,366	(\$341,813)
\$3,305,479	\$2,714,900
84.72%	(12.59)%
47.80%	115.57%

<u>2019</u>	<u>2020</u>
0.121473%	0.119045%
\$1,199,881	\$1,261,302
\$3,174,476	\$2,741,612
37.80%	46.01%
47.08%	45.42%

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

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$26,881	\$55,035	\$51,913
Contributions in relation to the contractually required contribution	<u>26,881</u>	<u>55,035</u>	<u>51,913</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$110,835	\$12,749	\$12,661
Contributions in relation to the contractually required contribution	<u>110,835</u>	<u>12,749</u>	<u>12,661</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$54,082	\$25,476	\$0	\$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>	<u>\$0</u>	<u>\$0</u>
\$2,704,108	\$2,547,531	\$2,875,700	\$3,305,479	\$2,714,900	\$3,414,000
2.00%	1.00%	0.00%	0.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$12,753	\$13,051	\$11,845	\$15,872	\$13,708	\$16,389
<u>12,753</u>	<u>13,051</u>	<u>11,845</u>	<u>15,872</u>	<u>13,708</u>	<u>16,389</u>
<u>\$0</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	\$3,277,854
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2021***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2021.

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.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% 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 2014-2021.

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, 2021***

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

2019-2021: 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, 2021***

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021.

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%

2021: 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 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

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 - 2021: There were no changes in benefit terms.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2021***

NET OPEB LIABILITY (ASSET) (Continued)

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

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%.

2021: 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 3.56% to 2.96%.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to 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

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.

Central Parkway Fund

This fund is used to account for revenues and expenditures related to public improvements located along or within the Central Parkway and Thornwood Drive corridors.

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 Special Revenue Funds
December 31, 2021**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool
Assets:				
Equity in Pooled Cash and Investments	\$ 393,237	\$ 345,867	\$ 38,354	\$ 44,152
Receivables:				
Taxes	0	0	0	0
Intergovernmental	311,639	25,268	0	0
Inventory of Supplies, at Cost	69,173	0	0	2,619
Prepaid Items	14,426	0	0	6,900
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	54,890	0
Total Assets	<u>\$ 788,475</u>	<u>\$ 371,135</u>	<u>\$ 93,244</u>	<u>\$ 53,671</u>
Liabilities:				
Accounts Payable	\$ 22,132	\$ 498	\$ 0	\$ 314
Accrued Wages and Benefits Payable	68,294	0	0	0
Total Liabilities	<u>90,426</u>	<u>498</u>	<u>0</u>	<u>314</u>
Deferred Inflows of Resources:				
Unavailable Amounts	207,759	16,845	54,890	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	<u>207,759</u>	<u>16,845</u>	<u>54,890</u>	<u>0</u>
Fund Balances:				
Nonspendable	83,599	0	0	9,519
Restricted	406,691	353,792	38,354	0
Committed	0	0	0	43,838
Total Fund Balances	<u>490,290</u>	<u>353,792</u>	<u>38,354</u>	<u>53,357</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 788,475</u>	<u>\$ 371,135</u>	<u>\$ 93,244</u>	<u>\$ 53,671</u>

CITY OF HEATH, OHIO

Municipal Motor Vehicle License Tax	Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training	Enforcement and Education	D.A.R.E.
\$ 441,937	\$ 92,432	\$ 38,307	\$ 123,934	\$ 788	\$ 11,381	\$ 365
0	110,090	110,090	0	0	0	0
74,850	2,487	2,487	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 516,787</u>	<u>\$ 205,009</u>	<u>\$ 150,884</u>	<u>\$ 123,934</u>	<u>\$ 788</u>	<u>\$ 11,381</u>	<u>\$ 365</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	27,998	27,741	0	0	0	0
<u>0</u>	<u>27,998</u>	<u>27,741</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
49,900	3,809	3,809	0	0	0	0
0	108,768	108,768	0	0	0	0
<u>49,900</u>	<u>112,577</u>	<u>112,577</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
466,887	64,434	10,566	123,934	788	11,381	365
0	0	0	0	0	0	0
<u>466,887</u>	<u>64,434</u>	<u>10,566</u>	<u>123,934</u>	<u>788</u>	<u>11,381</u>	<u>365</u>
<u>\$ 516,787</u>	<u>\$ 205,009</u>	<u>\$ 150,884</u>	<u>\$ 123,934</u>	<u>\$ 788</u>	<u>\$ 11,381</u>	<u>\$ 365</u>

(Continued)

CITY OF HEATH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021**

	Local Coronavirus Relief	Central Parkway	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 2,808	\$ 256,940	\$ 125,201	\$ 1,915,703
Receivables:				
Taxes	0	0	0	220,180
Intergovernmental	0	0	0	416,731
Inventory of Supplies, at Cost	0	0	0	71,792
Prepaid Items	0	0	0	21,326
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	0	54,890
Total Assets	<u>\$ 2,808</u>	<u>\$ 256,940</u>	<u>\$ 125,201</u>	<u>\$ 2,700,622</u>
Liabilities:				
Accounts Payable	\$ 2,808	\$ 0	\$ 0	\$ 25,752
Accrued Wages and Benefits Payable	0	0	0	124,033
Total Liabilities	<u>2,808</u>	<u>0</u>	<u>0</u>	<u>149,785</u>
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	337,012
Property Tax Levy for Next Fiscal Year	0	0	0	217,536
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>554,548</u>
Fund Balances:				
Nonspendable	0	0	0	93,118
Restricted	0	256,940	125,201	1,859,333
Committed	0	0	0	43,838
Total Fund Balances	<u>0</u>	<u>256,940</u>	<u>125,201</u>	<u>1,996,289</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 2,808</u>	<u>\$ 256,940</u>	<u>\$ 125,201</u>	<u>\$ 2,700,622</u>



CITY OF HEATH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	684,671	55,514	112,380	0
Charges for Services	0	0	0	332,218
Investment Earnings	0	83	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	22,448	0	0	1,070
Total Revenue	707,119	55,597	112,380	333,288
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	403,965
Transportation	1,338,229	24,325	56,200	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	62,491	0	0	130,000
Interest and Fiscal Charges	3,015	0	0	9,606
Total Expenditures	1,403,735	24,325	56,200	543,571
Excess (Deficiency) of Revenues Over Expenditures	(696,616)	31,272	56,180	(210,283)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	583,000	0	0	225,699
Transfers Out	0	0	(36,000)	0
Total Other Financing Sources (Uses)	583,000	0	(36,000)	225,699
Net Change in Fund Balance	(113,616)	31,272	20,180	15,416
Fund Balances at Beginning of Year	603,906	322,520	18,174	37,941
Fund Balances End of Year	\$ 490,290	\$ 353,792	\$ 38,354	\$ 53,357

CITY OF HEATH, OHIO

Municipal Motor Vehicle License Tax	Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training	Enforcement and Education	D.A.R.E.
\$ 0	\$ 91,300	\$ 91,299	\$ 0	\$ 0	\$ 0	\$ 0
177,400	4,973	4,973	0	0	0	0
0	0	0	8,411	0	0	0
0	0	0	0	0	0	0
0	0	0	31,945	0	615	0
0	0	0	13,165	120	0	0
<u>177,400</u>	<u>96,273</u>	<u>96,272</u>	<u>53,521</u>	<u>120</u>	<u>615</u>	<u>0</u>
0	322,415	319,987	34,243	0	0	0
0	0	0	0	0	0	0
32,507	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>32,507</u>	<u>322,415</u>	<u>319,987</u>	<u>34,243</u>	<u>0</u>	<u>0</u>	<u>0</u>
144,893	(226,142)	(223,715)	19,278	120	615	0
0	0	0	0	0	0	0
0	158,000	151,000	0	0	0	0
0	0	0	0	0	0	0
0	<u>158,000</u>	<u>151,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
144,893	(68,142)	(72,715)	19,278	120	615	0
321,994	132,576	83,281	104,656	668	10,766	365
<u>\$ 466,887</u>	<u>\$ 64,434</u>	<u>\$ 10,566</u>	<u>\$ 123,934</u>	<u>\$ 788</u>	<u>\$ 11,381</u>	<u>\$ 365</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, 2021**

	Local Coronavirus Relief	Central Parkway	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 182,599
Intergovernmental Revenues	0	0	0	1,039,911
Charges for Services	0	0	3,560	344,189
Investment Earnings	0	186	2,299	2,568
Fines and Forfeitures	0	0	0	32,560
All Other Revenue	0	0	0	36,803
Total Revenue	0	186	5,859	1,638,630
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	676,645
Leisure Time Activities	0	0	0	403,965
Transportation	0	173,108	0	1,624,369
General Government	85,324	0	0	85,324
Debt Service:				
Principal Retirement	0	0	0	192,491
Interest and Fiscal Charges	0	76,238	0	88,859
Total Expenditures	85,324	249,346	0	3,071,653
Excess (Deficiency) of Revenues Over Expenditures				
	(85,324)	(249,160)	5,859	(1,433,023)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	506,100	0	506,100
Transfers In	0	0	0	1,117,699
Transfers Out	0	0	0	(36,000)
Total Other Financing Sources (Uses)	0	506,100	0	1,587,799
Net Change in Fund Balance	(85,324)	256,940	5,859	154,776
Fund Balances at Beginning of Year	85,324	0	119,342	1,841,513
Fund Balances End of Year	\$ 0	\$ 256,940	\$ 125,201	\$ 1,996,289

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, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,287,509	\$ 9,896,458	\$ 10,569,372	\$ 672,914
Intergovernmental Revenues	421,432	503,249	537,468	34,219
Charges for Services	449,888	537,230	573,759	36,529
Licenses and Permits	232,763	277,953	296,852	18,899
Investment Earnings	76,049	90,813	96,988	6,175
Fines and Forfeitures	7,110	8,491	9,068	577
All Other Revenues	176,676	210,976	225,321	14,345
Total Revenues	<u>9,651,427</u>	<u>11,525,170</u>	<u>12,308,828</u>	<u>783,658</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,149,427	2,140,198	2,089,724	50,474
Materials and Supplies	104,523	144,023	103,092	40,931
Contractual Services	219,578	219,580	177,328	42,252
Capital Outlay	90,286	90,286	90,286	0
Total Police	<u>2,563,814</u>	<u>2,594,087</u>	<u>2,460,430</u>	<u>133,657</u>
Communications:				
Personal Services	801,350	801,350	753,357	47,993
Materials and Supplies	5,000	5,000	40	4,960
Contractual Services	46,007	46,007	40,402	5,605
Total Communications	<u>852,357</u>	<u>852,357</u>	<u>793,799</u>	<u>58,558</u>
Fire:				
Personal Services	2,019,058	2,011,457	2,027,556	(16,099)
Materials and Supplies	126,948	146,156	141,757	4,399
Contractual Services	263,270	263,268	239,456	23,812
Capital Outlay	4,401	4,401	3,757	644
Total Fire	<u>2,413,677</u>	<u>2,425,282</u>	<u>2,412,526</u>	<u>12,756</u>
Street Lighting:				
Contractual Services	105,000	105,000	99,990	5,010
Total Street Lighting	<u>105,000</u>	<u>105,000</u>	<u>99,990</u>	<u>5,010</u>
Total Security of Persons and Property	<u>5,934,848</u>	<u>5,976,726</u>	<u>5,766,745</u>	<u>209,981</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Health Department:				
Contractual Services	58,525	58,525	58,522	3
Total Public Health and Welfare Services	<u>58,525</u>	<u>58,525</u>	<u>58,522</u>	<u>3</u>
Leisure Time Activities:				
Parks:				
Personal Services	407,263	407,263	391,655	15,608
Materials and Supplies	66,484	66,484	36,263	30,221
Contractual Services	295,651	298,649	199,062	99,587
Other Expenditures	500	500	420	80
Capital Outlay	26,200	26,200	14,000	12,200
Total Leisure Time Activities	<u>796,098</u>	<u>799,096</u>	<u>641,400</u>	<u>157,696</u>
Community Environment:				
Planning and Zoning:				
Personal Services	200,901	207,390	207,390	0
Materials and Supplies	9,832	9,832	5,545	4,287
Contractual Services	285,100	278,611	176,346	102,265
Other Expenditures	3,000	3,000	1,650	1,350
Total Community Environment	<u>498,833</u>	<u>498,833</u>	<u>390,931</u>	<u>107,902</u>
General Government:				
Mayor:				
Personal Services	121,324	121,324	119,332	1,992
Materials and Supplies	1,200	1,200	420	780
Contractual Services	27,950	27,950	25,086	2,864
Total Mayor	<u>150,474</u>	<u>150,474</u>	<u>144,838</u>	<u>5,636</u>
City Council:				
Personal Services	46,200	46,200	42,350	3,850
Materials and Supplies	300	300	0	300
Contractual Services	625	625	182	443
Total City Council	<u>47,125</u>	<u>47,125</u>	<u>42,532</u>	<u>4,593</u>
Law Director:				
Personal Services	75,840	75,840	75,626	214
Contractual Services	117,484	124,232	124,232	0
Total Law Director	<u>193,324</u>	<u>200,072</u>	<u>199,858</u>	<u>214</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Clerk of Council:				
Personal Services	55,122	55,122	52,113	3,009
Materials and Supplies	450	450	144	306
Contractual Services	155	155	0	155
Total Clerk of Council	<u>55,727</u>	<u>55,727</u>	<u>52,257</u>	<u>3,470</u>
Auditor:				
Personal Services	60,000	60,000	60,000	0
Materials and Supplies	1,100	1,100	239	861
Contractual Services	1,195	1,195	340	855
Total Auditor	<u>62,295</u>	<u>62,295</u>	<u>60,579</u>	<u>1,716</u>
General Administrative:				
Personal Services	302,282	295,517	428,308	(132,791)
Materials and Supplies	6,700	6,700	6,700	0
Contractual Services	235,813	235,814	179,344	56,470
Other Expenditures	7,500	7,500	2,431	5,069
Total General Administrative	<u>552,295</u>	<u>545,531</u>	<u>616,783</u>	<u>(71,252)</u>
Court Fees:				
Contractual Services	964	964	48	916
Total Court Fees	<u>964</u>	<u>964</u>	<u>48</u>	<u>916</u>
Civil Service:				
Materials and Supplies	200	200	100	100
Contractual Services	12,500	12,500	7,550	4,950
Total Civil Service	<u>12,700</u>	<u>12,700</u>	<u>7,650</u>	<u>5,050</u>
Safety/Service:				
Personal Services	42,845	45,861	45,816	45
Materials and Supplies	13,506	13,506	7,928	5,578
Contractual Services	95,200	95,200	71,099	24,101
Capital Outlay	9,500	9,500	3,290	6,210
Total Safety/Service	<u>161,051</u>	<u>164,067</u>	<u>128,133</u>	<u>35,934</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Income Tax:				
Personal Services	338,100	338,100	334,870	3,230
Materials and Supplies	4,207	4,207	2,227	1,980
Contractual Services	41,906	41,906	19,443	22,463
Capital Outlay	8,000	8,000	0	8,000
Total Income Tax	<u>392,213</u>	<u>392,213</u>	<u>356,540</u>	<u>35,673</u>
Total General Government	<u>1,628,168</u>	<u>1,631,168</u>	<u>1,609,218</u>	<u>21,950</u>
Total Expenditures	<u>8,916,472</u>	<u>8,964,348</u>	<u>8,466,816</u>	<u>497,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	734,955	2,560,822	3,842,012	1,281,190
Other Financing Sources (Uses):				
Transfers Out	(1,597,382)	(1,823,081)	(1,823,081)	0
Total Other Financing Sources (Uses)	<u>(1,597,382)</u>	<u>(1,823,081)</u>	<u>(1,823,081)</u>	<u>0</u>
Net Change in Fund Balance	(862,427)	737,741	2,018,931	1,281,190
Fund Balance at Beginning of Year	4,710,673	4,710,673	4,710,673	0
Prior Year Encumbrances	219,088	219,088	219,088	0
Fund Balance at End of Year	<u>\$ 4,067,334</u>	<u>\$ 5,667,502</u>	<u>\$ 6,948,692</u>	<u>\$ 1,281,190</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, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 862,017	\$ 815,627	\$ 815,629	\$ 2
Intergovernmental Revenues	0	27,638	27,638	0
Investment Earnings	0	57	64	7
All Other Revenues	4,000	726	726	0
Total Revenues	<u>866,017</u>	<u>844,048</u>	<u>844,057</u>	<u>9</u>
Expenditures:				
Security of Persons and Property:				
Fire:				
Personal Services	447,501	447,501	414,865	32,636
Materials and Supplies	20,504	20,504	14,516	5,988
Contractual Services	29,350	29,350	21,583	7,767
Capital Outlay	79,667	103,185	84,161	19,024
Total Security of Persons and Property	<u>577,022</u>	<u>600,540</u>	<u>535,125</u>	<u>65,415</u>
Debt Service:				
Principal Retirement	92,000	92,000	91,322	678
Interest and Fiscal Charges	2,500	2,500	2,438	62
Total Expenditures	<u>671,522</u>	<u>695,040</u>	<u>628,885</u>	<u>66,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	194,495	149,008	215,172	66,164
Fund Balance at Beginning of Year	447,008	447,008	447,008	0
Prior Year Encumbrances	5,728	5,728	5,728	0
Fund Balance at End of Year	<u>\$ 647,231</u>	<u>\$ 601,744</u>	<u>\$ 667,908</u>	<u>\$ 66,164</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 – American Rescue Plan Fund
For the Year Ended December 31, 2021***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 573,093	\$ 573,093	\$ 0
Total Revenues	<u>573,093</u>	<u>573,093</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	573,093	573,093	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 573,093</u></u>	<u><u>\$ 573,093</u></u>	<u><u>\$ 0</u></u>

CITY OF HEATH, OHIO

***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, 2021***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 0	\$ 602,234	\$ 602,234
All Other Revenues	121,664	0	(121,664)
Total Revenues	<u>121,664</u>	<u>602,234</u>	<u>480,570</u>
Expenditures:			
Debt Service:			
Principal Retirement	165,000	165,000	0
Interest and Fiscal Charges	12,550	444,563	(432,013)
Total Expenditures	<u>177,550</u>	<u>609,563</u>	<u>(432,013)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,886)	(7,329)	48,557
Other Financing Sources (Uses):			
Issuance of General Obligation Bond	5,020,000	5,020,000	0
Premium on General Obligation Bonds Issued	428,681	428,681	0
Transfers Out	0	(1,467,258)	(1,467,258)
Total Other Financing Sources (Uses)	<u>5,448,681</u>	<u>3,981,423</u>	<u>(1,467,258)</u>
Net Change in Fund Balance	5,392,795	3,974,094	(1,418,701)
Fund Balance at Beginning of Year	911,861	911,861	0
Fund Balance at End of Year	<u>\$ 6,304,656</u>	<u>\$ 4,885,955</u>	<u>\$ (1,418,701)</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, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 0	\$ 745,622	\$ 745,622
Intergovernmental Revenues	685,629	372,422	(313,207)
Total Revenues	<u>685,629</u>	<u>1,118,044</u>	<u>432,415</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Capital Outlay	144,380	190,559	(46,179)
Total Security of Persons and Property	<u>144,380</u>	<u>190,559</u>	<u>(46,179)</u>
Leisure Time Activities:			
Parks:			
Capital Outlay	12,999	110,307	(97,308)
Total Parks	<u>12,999</u>	<u>110,307</u>	<u>(97,308)</u>
Swimming Pool:			
Contractual Services	0	31,606	(31,606)
Total Swimming Pool	<u>0</u>	<u>31,606</u>	<u>(31,606)</u>
Total Leisure Time Activities	<u>12,999</u>	<u>141,913</u>	<u>(128,914)</u>
Basic Utility Services:			
Utilities:			
Capital Outlay	10,000	1,467,258	(1,457,258)
Total Basic Utility Services	<u>10,000</u>	<u>1,467,258</u>	<u>(1,457,258)</u>
Transportation:			
Streets Department:			
Contractual Services	139,472	170,722	(31,250)
Capital Outlay	1,587,025	2,127,906	(540,881)
Total Transportation	<u>1,726,497</u>	<u>2,298,628</u>	<u>(572,131)</u>
General Government:			
General Administrative:			
Contractual Services	8,100	7,992	108
Capital Outlay	17,500	30,223	(12,723)
Total General Administrative	<u>25,600</u>	<u>38,215</u>	<u>(12,615)</u>

(Continued)

CITY OF HEATH, OHIO

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Safety/Service:			
Contractual Services	45,000	52,204	(7,204)
Capital Outlay	0	200,000	(200,000)
Total Safety/Service	<u>45,000</u>	<u>252,204</u>	<u>(207,204)</u>
Total General Government	<u>70,600</u>	<u>290,419</u>	<u>(219,819)</u>
Total Expenditures	<u>1,964,476</u>	<u>4,394,777</u>	<u>(2,430,301)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,278,847)	(3,276,733)	(1,997,886)
Other Financing Sources (Uses):			
Transfers In	<u>2,208,640</u>	<u>2,208,640</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>2,208,640</u>	<u>2,208,640</u>	<u>0</u>
Net Change in Fund Balance	929,793	(1,068,093)	(1,997,886)
Fund Balance at Beginning of Year	1,130,167	1,130,167	0
Prior Year Encumbrances	<u>959,563</u>	<u>959,563</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,019,523</u>	<u>\$ 1,021,637</u>	<u>\$ (1,997,886)</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, 2021***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 619,721	\$ 680,904	\$ 61,183
All Other Revenues	22,448	22,448	0
Total Revenues	<u>642,169</u>	<u>703,352</u>	<u>61,183</u>
Expenditures:			
Transportation:			
Street Department:			
Personal Services	660,764	624,460	36,304
Materials and Supplies	210,600	176,314	34,286
Contractual Services	383,500	343,273	40,227
Capital Outlay	107,000	241,723	(134,723)
Total Expenditures	<u>1,361,864</u>	<u>1,385,770</u>	<u>(23,906)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(719,695)	(682,418)	37,277
Other Financing Sources (Uses):			
Transfers In	583,000	583,000	0
Total Other Financing Sources (Uses)	<u>583,000</u>	<u>583,000</u>	<u>0</u>
Net Change in Fund Balance	(136,695)	(99,418)	37,277
Fund Balance at Beginning of Year	449,689	449,689	0
Prior Year Encumbrances	31,120	31,120	0
Fund Balance at End of Year	<u>\$ 344,114</u>	<u>\$ 381,391</u>	<u>\$ 37,277</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, 2021***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STATE HIGHWAY FUND			
Revenues:			
Intergovernmental Revenues	\$ 50,248	\$ 55,208	\$ 4,960
Investment Earnings	0	83	83
Total Revenues	<u>50,248</u>	<u>55,291</u>	<u>5,043</u>
Expenditures:			
Transportation:			
Street Department:			
Materials and Supplies	51,500	0	51,500
Contractual Services	<u>67,000</u>	<u>25,642</u>	<u>41,358</u>
Total Expenditures	<u>118,500</u>	<u>25,642</u>	<u>92,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,252)	29,649	97,901
Fund Balance at Beginning of Year	316,218	316,218	0
Fund Balance at End of Year	<u>\$ 247,966</u>	<u>\$ 345,867</u>	<u>\$ 97,901</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, 2021***

COUNTY \$5 PERMISSIVE LICENSE TAX FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 112,380	\$ 112,380	\$ 0
Total Revenues	<u>112,380</u>	<u>112,380</u>	<u>0</u>
Expenditures:			
Transportation:			
Street Department:			
Contractual Services	49,000	46,372	2,628
Capital Outlay	0	9,828	(9,828)
Total Expenditures	<u>49,000</u>	<u>56,200</u>	<u>(7,200)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	63,380	56,180	(7,200)
Other Financing Sources (Uses):			
Transfers Out	(36,000)	(36,000)	0
Total Other Financing Sources (Uses)	<u>(36,000)</u>	<u>(36,000)</u>	<u>0</u>
Net Change in Fund Balance	27,380	20,180	(7,200)
Fund Balance at Beginning of Year	1,174	1,174	0
Prior Year Encumbrances	17,000	17,000	0
Fund Balance at End of Year	<u>\$ 45,554</u>	<u>\$ 38,354</u>	<u>\$ (7,200)</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, 2021***

SWIMMING POOL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 374,008	\$ 332,218	\$ (41,790)
All Other Revenues	7,570	1,070	(6,500)
Total Revenues	<u>381,578</u>	<u>333,288</u>	<u>(48,290)</u>
Expenditures:			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	369,096	245,599	123,497
Materials and Supplies	101,050	56,652	44,398
Contractual Services	139,100	103,941	35,159
Other Expenditures	2,000	0	2,000
Capital Outlay	19,000	811	18,189
Total Leisure Time Activities	<u>630,246</u>	<u>407,003</u>	<u>223,243</u>
Debt Service:			
Principal Retirement	130,000	130,000	0
Interest and Fiscal Charges	10,000	9,606	394
Total Expenditures	<u>770,246</u>	<u>546,609</u>	<u>223,637</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(388,668)	(213,321)	175,347
Other Financing Sources (Uses):			
Transfers In	0	225,699	225,699
Total Other Financing Sources (Uses)	<u>0</u>	<u>225,699</u>	<u>225,699</u>
Net Change in Fund Balance	(388,668)	12,378	401,046
Fund Balance at Beginning of Year	26,524	26,524	0
Prior Year Encumbrances	5,250	5,250	0
Fund Balance at End of Year	<u>\$ (356,894)</u>	<u>\$ 44,152</u>	<u>\$ 401,046</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, 2021***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 163,381	\$ 176,941	\$ 13,560
Total Revenues	<u>163,381</u>	<u>176,941</u>	<u>13,560</u>
Expenditures:			
Transportation:			
Street Department:			
Capital Outlay	0	32,507	(32,507)
Total Expenditures	<u>0</u>	<u>32,507</u>	<u>(32,507)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	163,381	144,434	(18,947)
Fund Balance at Beginning of Year	264,503	264,503	0
Prior Year Encumbrances	33,000	33,000	0
Fund Balance at End of Year	<u>\$ 460,884</u>	<u>\$ 441,937</u>	<u>\$ (18,947)</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, 2021***

	FIRE PENSION FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Taxes	\$ 91,300	\$ 91,300	\$ 0
Intergovernmental Revenues	4,973	4,973	0
Total Revenues	<u>96,273</u>	<u>96,273</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Fire:			
Personal Services	355,516	331,570	23,946
Contractual Services	2,000	1,296	704
Total Expenditures	<u>357,516</u>	<u>332,866</u>	<u>24,650</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(261,243)	(236,593)	24,650
Other Financing Sources (Uses):			
Transfers In	158,000	158,000	0
Total Other Financing Sources (Uses)	<u>158,000</u>	<u>158,000</u>	<u>0</u>
Net Change in Fund Balance	(103,243)	(78,593)	24,650
Fund Balance at Beginning of Year	171,025	171,025	0
Fund Balance at End of Year	<u>\$ 67,782</u>	<u>\$ 92,432</u>	<u>\$ 24,650</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, 2021***

POLICE PENSION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 91,299	\$ 91,299	\$ 0
Intergovernmental Revenues	4,973	4,973	0
Total Revenues	<u>96,272</u>	<u>96,272</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Personal Services	325,673	319,097	6,576
Contractual Services	2,000	1,296	704
Total Expenditures	<u>327,673</u>	<u>320,393</u>	<u>7,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(231,401)	(224,121)	7,280
Other Financing Sources (Uses):			
Transfers In	151,000	151,000	0
Total Other Financing Sources (Uses)	<u>151,000</u>	<u>151,000</u>	<u>0</u>
Net Change in Fund Balance	(80,401)	(73,121)	7,280
Fund Balance at Beginning of Year	111,428	111,428	0
Fund Balance at End of Year	<u>\$ 31,027</u>	<u>\$ 38,307</u>	<u>\$ 7,280</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, 2021***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LAW ENFORCEMENT TRUST FUND			
Revenues:			
Charges for Services	\$ 7,802	\$ 8,411	\$ 609
Fines and Forfeitures	31,493	31,945	452
All Other Revenues	12,445	13,165	720
Total Revenues	<u>51,740</u>	<u>53,521</u>	<u>1,781</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Materials and Supplies	5,000	3,400	1,600
Contractual Services	34,416	21,987	12,429
Capital Outlay	45,684	45,684	0
Total Expenditures	<u>85,100</u>	<u>71,071</u>	<u>14,029</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,360)	(17,550)	15,810
Fund Balance at Beginning of Year	80,912	80,912	0
Prior Year Encumbrances	25,289	25,289	0
Fund Balance at End of Year	<u>\$ 72,841</u>	<u>\$ 88,651</u>	<u>\$ 15,810</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, 2021***

POLICE PROFESSIONAL TRAINING FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	<u>\$ 40</u>	<u>\$ 120</u>	<u>\$ 80</u>
Total Revenues	<u>40</u>	<u>120</u>	<u>80</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	40	120	80
Fund Balance at Beginning of Year	<u>668</u>	<u>668</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 708</u>	<u>\$ 788</u>	<u>\$ 80</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, 2021***

ENFORCEMENT AND EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 715	\$ 715	\$ 0
Total Revenues	<u>715</u>	<u>715</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	715	715	0
Fund Balance at Beginning of Year	<u>10,666</u>	<u>10,666</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,381</u>	<u>\$ 11,381</u>	<u>\$ 0</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, 2021***

D.A.R.E. FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
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><u>\$ 365</u></u>	<u><u>\$ 365</u></u>	<u><u>\$ 0</u></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, 2021***

LOCAL CORONAVIRUS RELIEF FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
General Government:			
General Administrative:			
Contractual Services	92,420	92,420	0
Total Expenditures	<u>92,420</u>	<u>92,420</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,420)	(92,420)	0
Fund Balance at Beginning of Year	3,732	3,732	0
Prior Year Encumbrances	90,421	90,421	0
Fund Balance at End of Year	<u>\$ 1,733</u>	<u>\$ 1,733</u>	<u>\$ 0</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, 2021***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 0	\$ 186	\$ 186
All Other Revenues	0	506,100	506,100
Total Revenues	0	506,286	506,286
Expenditures:			
Transportation:			
Street Department:			
Contractual Services	0	270,000	(270,000)
Total Transportation	0	270,000	(270,000)
Debt Service:			
Interest and Fiscal Charges	0	76,238	(76,238)
Total Expenditures	0	346,238	(346,238)
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	160,048	160,048
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 160,048	\$ 106,048

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, 2021***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 3,000	\$ 3,560	\$ 560
Investment Earnings	320	2,299	1,979
Total Revenues	<u>3,320</u>	<u>5,859</u>	<u>2,539</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,320	5,859	2,539
Fund Balance at Beginning of Year	<u>119,342</u>	<u>119,342</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 122,662</u>	<u>\$ 125,201</u>	<u>\$ 2,539</u>



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	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.	
Debt Capacity	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.	
Economic and Demographic Information	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.	
Operating Information	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 annual comprehensive financial reports for the relevant year.

City of Heath, Ohio

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

	2012	2013	2014
Governmental Activities:			*
Net Investment in Capital Assets	\$31,800,652	\$32,791,239	\$32,879,970
Restricted	3,354,720	3,130,915	3,667,955
Unrestricted (Deficit)	2,886,273	3,258,587	(4,790,644)
Total Governmental Activities Net Position	<u>\$38,041,645</u>	<u>\$39,180,741</u>	<u>\$31,757,281</u>
Business-type Activities:			*
Net Investment in Capital Assets	\$13,030,295	\$13,374,041	\$14,265,581
Unrestricted	5,429,089	5,326,656	4,028,883
Total Business-type Activities Net Position	<u>\$18,459,384</u>	<u>\$18,700,697</u>	<u>\$18,294,464</u>
Primary Government:			
Net Investment in Capital Assets	\$44,830,947	\$46,165,280	\$47,145,551
Restricted	3,354,720	3,130,915	3,667,955
Unrestricted (Deficit)	8,315,362	8,585,243	(761,761)
Total Primary Government Net Position	<u>\$56,501,029</u>	<u>\$57,881,438</u>	<u>\$50,051,745</u>

Source: City Auditor's Office

* 2014, 2017 Business-type Activities were restated

* 2014, 2017 Governmental Activities were restated

City of Heath, Ohio

2015	2016	2017	2018	2019	2020	2021
		*				
\$32,583,035	\$32,767,862	\$33,319,642	\$37,542,871	\$38,284,771	\$39,953,094	\$39,478,770
3,096,603	3,397,635	1,847,160	2,177,417	2,825,835	2,581,575	7,849,731
(4,539,258)	(4,690,517)	(11,653,068)	(11,168,308)	(4,914,041)	(4,482,277)	(5,618,094)
<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>	<u>\$41,710,407</u>
		*				
\$14,247,988	\$14,895,733	\$14,798,264	\$15,111,321	\$15,070,829	\$15,299,429	\$15,496,591
4,802,704	4,628,954	4,232,402	4,615,269	4,964,086	4,468,105	6,108,162
<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>	<u>\$21,604,753</u>
\$46,831,023	\$47,663,595	\$48,117,906	\$52,654,192	\$53,355,600	\$55,252,523	\$54,975,361
3,096,603	3,397,635	1,847,160	2,177,417	2,825,835	2,581,575	7,849,731
263,446	(61,563)	(7,420,666)	(6,553,039)	50,045	(14,172)	490,068
<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>	<u>\$63,315,160</u>

City of Heath, Ohio

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

	2012	2013	2014	2015
Expenses				
Governmental Activities:				
Security of Persons and Property	\$5,152,842	\$5,038,710	\$5,361,303	\$5,380,059
Public Health and Welfare Services	56,500	55,970	55,970	55,970
Leisure Time Activities	1,345,282	1,311,818	1,387,265	1,220,510
Community Environment	279,054	100,943	270,574	257,150
Basic Utility Services	0	0	0	0
Transportation	2,359,144	1,709,162	1,267,738	1,863,500
General Government	1,345,507	1,397,774	1,453,988	1,385,688
Interest and Fiscal Charges	86,813	189,630	84,363	81,723
<i>Total Governmental Activities Expenses</i>	<u>10,625,142</u>	<u>9,804,007</u>	<u>9,881,201</u>	<u>10,244,600</u>
Business-type Activities:				
Water	1,653,612	1,757,595	1,867,677	1,878,912
Sewer	1,910,598	2,401,452	2,038,089	2,060,955
<i>Total Business-type Activities Expenses</i>	<u>3,564,210</u>	<u>4,159,047</u>	<u>3,905,766</u>	<u>3,939,867</u>
<i>Total Primary Government Expenses</i>	<u><u>\$14,189,352</u></u>	<u><u>\$13,963,054</u></u>	<u><u>\$13,786,967</u></u>	<u><u>\$14,184,467</u></u>
Program Revenues				
Governmental Activities:				
Charges for Services and Sales				
Security of Persons and Property	\$496,150	\$476,054	\$487,374	\$493,602
Leisure Time Activities	511,839	464,282	425,487	452,803
Community Environment	34,921	15,265	18,085	28,809
Transportation	17,804	131,883	9,929	23,254
General Government	12,422	11,400	11,800	21,269
Operating Grants and Contributions	618,558	661,798	661,083	695,090
Capital Grants and Contributions	3,563,796	1,263,959	400,859	8,992
<i>Total Governmental Activities Program Revenues</i>	<u>5,255,490</u>	<u>3,024,641</u>	<u>2,014,617</u>	<u>1,723,819</u>

City of Heath, Ohio

2016	2017	2018	2019	2020	2021
\$6,172,133	\$6,322,655	\$6,495,829	\$1,773,820	\$6,740,798	\$6,715,060
57,369	57,369	57,369	57,943	58,522	58,522
1,308,192	1,434,646	1,376,776	1,650,984	987,154	994,823
309,048	305,964	269,307	358,163	389,513	240,003
0	0	0	0	1,273	314,745
995,838	1,115,075	939,862	1,674,486	2,220,098	2,679,356
1,324,285	1,736,746	1,603,512	1,757,402	2,165,634	1,303,454
81,127	79,992	70,857	54,271	38,653	535,064
<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>	<u>12,841,027</u>
1,986,115	2,282,184	2,215,502	2,296,946	2,434,601	1,739,412
1,991,200	2,110,841	2,074,353	2,098,157	2,417,446	1,539,046
<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>3,278,458</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>	<u>\$16,119,485</u>
\$526,680	\$559,504	\$598,569	\$627,841	\$598,446	\$612,322
524,963	509,725	536,648	607,571	16,217	349,410
66,265	39,566	33,682	89,266	90,144	204,138
9,285	2,704	14,046	19,000	90,352	22,448
12,988	11,923	15,669	22,480	17,181	16,240
686,525	736,615	762,026	1,043,159	1,660,100	1,076,535
235,239	323,000	3,043,724	427,610	226,739	372,422
<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>	<u>2,653,515</u>

(continued)

City of Heath, Ohio

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

	2012	2013	2014	2015
Business-type Activities:				
Charges for Services and Sales				
Water	1,989,091	1,999,935	2,245,921	2,488,561
Sewer	2,022,158	1,959,494	1,947,153	2,193,124
Capital Grants and Contributions	1,018,846	439,066	8,962	0
<i>Total Business-type Activities Program Revenues</i>	5,030,095	4,398,495	4,202,036	4,681,685
<i>Total Primary Government Program Revenues</i>	10,285,585	7,423,136	6,216,653	6,405,504
 Net (Expense)/Revenue				
Governmental Activities	(5,369,652)	(6,779,366)	(7,866,584)	(8,520,781)
Business-type Activities	1,465,885	239,448	296,270	741,818
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$3,903,767)	(\$6,539,918)	(\$7,570,314)	(\$7,778,963)
 General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	\$1,160,354	\$1,122,287	\$1,183,320	\$1,173,389
Municipal Income Taxes	5,411,079	5,952,155	5,716,808	6,023,648
Other Local Taxes	9,793	8,823	5,647	1,684
Intergovernmental Revenue, Unrestricted	566,595	680,850	595,813	447,701
Investment Earnings	126,018	16,848	65,477	137,416
Miscellaneous	82,279	137,499	106,763	120,042
<i>Total Governmental Activities</i>	7,356,118	7,918,462	7,673,828	7,903,880
 Business-type Activities:				
Investment Earnings	22,498	1,865	8,142	14,410
Transfers	0	0	0	0
<i>Total Business-type Activities</i>	22,498	1,865	8,142	14,410
<i>Total Primary Government</i>	\$7,378,616	\$7,920,327	\$7,681,970	\$7,918,290
 Change in Net Position				
Governmental Activities	\$1,986,466	\$1,139,096	(\$192,756)	(\$616,901)
Business-type Activities	1,488,383	241,313	304,412	756,228
<i>Total Primary Government Change in Net Position</i>	\$3,474,849	\$1,380,409	\$111,656	\$139,327

Source: City Auditor's Office

City of Heath, Ohio

2016	2017	2018	2019	2020	2021
2,292,134	2,335,663	2,560,275	2,363,198	2,281,922	2,570,786
2,148,903	2,203,296	2,412,812	2,323,446	2,278,770	2,537,753
0	0	0	0	12,000	0
<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>5,108,539</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>	<u>7,762,054</u>
(8,186,047)	(8,869,410)	(5,809,148)	(4,490,142)	(9,902,466)	(10,187,512)
463,722	145,934	683,232	291,541	(279,355)	1,830,081
<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>	<u>(\$8,357,431)</u>
\$1,429,374	\$1,455,838	\$1,549,423	\$1,594,279	\$1,641,616	\$1,705,281
6,438,248	6,012,098	8,553,511	9,435,004	8,936,297	11,436,345
22,162	10,386	0	0	0	0
410,657	411,529	452,055	481,600	419,163	578,673
140,161	96,091	163,323	464,517	367,937	(100,174)
80,045	135,219	129,082	159,327	393,280	225,402
<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>	<u>13,845,527</u>
10,273	13,252	12,692	16,784	11,974	7,138
0	0	0	0	0	0
<u>10,273</u>	<u>13,252</u>	<u>12,692</u>	<u>16,784</u>	<u>11,974</u>	<u>7,138</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>	<u>\$13,852,665</u>
\$334,600	(\$748,249)	\$5,038,246	\$7,644,585	\$1,855,827	\$3,658,015
473,995	159,186	695,924	308,325	(267,381)	1,837,219
<u>\$808,595</u>	<u>(\$589,063)</u>	<u>\$5,734,170</u>	<u>\$7,952,910</u>	<u>\$1,588,446</u>	<u>\$5,495,234</u>

City of Heath, Ohio

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nondspendable	\$79,556	\$109,310	\$111,399	\$92,140
Assigned	483,099	368,215	400,358	553,846
Unassigned	<u>2,730,440</u>	<u>3,187,395</u>	<u>2,473,305</u>	<u>2,521,638</u>
<i>Total General Fund</i>	<u>3,293,095</u>	<u>3,664,920</u>	<u>2,985,062</u>	<u>3,167,624</u>
All Other Governmental Funds				
Nondspendable	89,134	76,285	110,490	87,499
Restricted	1,237,199	1,121,720	1,265,681	975,602
Committed	2,004,556	1,845,600	2,133,328	1,928,153
Assigned	0	0	0	0
Unassigned	<u>(134,960)</u>	<u>(13,677)</u>	<u>0</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>3,195,929</u>	<u>3,029,928</u>	<u>3,509,499</u>	<u>2,991,254</u>
<i>Total Governmental Funds</i>	<u><u>\$6,489,024</u></u>	<u><u>\$6,694,848</u></u>	<u><u>\$6,494,561</u></u>	<u><u>\$6,158,878</u></u>

Source: City Auditor's Office

City of Heath, Ohio

2016	2017	2018	2019	2020	2021
\$149,022	\$156,165	\$166,587	\$156,401	\$182,726	\$179,520
657,639	681,475	544,515	188,281	1,047,966	888,935
2,946,820	2,615,466	4,099,621	5,151,733	4,554,088	7,221,894
3,753,481	3,453,106	4,810,723	5,496,415	5,784,780	8,290,349
77,760	86,709	85,463	91,002	98,645	97,170
1,912,114	1,647,773	1,865,120	2,450,142	2,154,804	7,479,903
1,710,558	1,535,396	1,652,937	2,675,283	3,107,747	2,116,106
0	0	0	0	0	741,382
(10,230)	(33,228)	0	0	0	0
3,690,202	3,236,650	3,603,520	5,216,427	5,361,196	10,434,561
\$7,443,683	\$6,689,756	\$8,414,243	\$10,712,842	\$11,145,976	\$18,724,910

City of Heath, Ohio

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

	2012	2013	2014	2015
Revenues:				
Taxes	\$6,577,781	\$7,108,267	\$6,903,383	\$7,202,848
Intergovernmental Revenues	4,810,389	2,635,926	1,617,442	1,201,765
Charges for Services	951,566	837,316	853,057	861,981
Licenses and Permits	40,331	15,867	17,872	28,924
Investment Earnings	126,018	16,848	65,477	137,416
Fines and Forfeitures	43,048	47,797	42,425	68,319
All Other Revenue	120,470	335,403	146,084	180,555
Total Revenue	12,669,603	10,997,424	9,645,740	9,681,808
Expenditures:				
Current:				
Security of Persons and Property	5,006,695	4,984,224	5,232,686	5,792,998
Public Health and Welfare Services	56,500	55,970	55,970	55,970
Leisure Time Activities	1,158,961	1,080,375	1,111,702	1,001,695
Community Environment	274,696	272,127	249,678	292,709
Basic Utility Services	0	0	0	0
Transportation	4,341,346	2,632,997	1,376,248	1,440,761
General Government	1,334,738	1,307,183	1,400,963	1,381,407
Debt Service:				
Principal Retirement	344,037	265,049	371,439	382,906
Interest and Fiscal Charges	123,368	190,548	85,509	76,542
Total Expenditures	12,640,341	10,788,473	9,884,195	10,424,988
Excess (Deficiency) of Revenues Over Expenditures	29,262	208,951	(238,455)	(743,180)

City of Heath, Ohio

2016	2017	2018	2019	2020	2021
\$7,888,491	\$7,510,219	\$10,092,690	\$10,969,614	\$10,571,977	\$13,223,565
1,265,540	1,440,276	4,088,411	1,849,601	2,154,242	1,982,077
964,331	973,753	1,040,589	1,167,985	547,239	917,948
66,272	92,882	115,362	176,181	184,862	296,852
140,161	96,091	163,323	464,517	367,937	(100,174)
63,549	54,448	62,494	56,385	29,059	41,286
126,074	193,114	191,386	210,965	532,432	262,931
<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>	<u>16,624,485</u>
5,334,164	6,116,970	5,796,579	6,613,062	7,288,286	6,898,134
57,369	57,369	57,369	57,943	58,522	58,522
1,025,447	1,058,451	1,113,746	1,264,602	708,489	1,083,120
282,702	266,458	245,842	317,859	383,008	343,778
0	0	0	0	1,273	314,745
1,439,671	1,535,393	4,751,693	2,201,218	2,749,228	3,486,441
1,368,483	1,413,827	1,538,505	1,554,234	2,205,410	1,818,612
482,667	588,964	651,639	523,444	536,961	460,333
80,671	77,399	67,617	60,187	44,946	536,647
<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>	<u>15,000,332</u>
443,244	(754,048)	1,531,265	2,302,699	411,625	1,624,153

(Continued)

City of Heath, Ohio

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

	2012	2013	2014	2015
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Capital Leases Issued	49,319	0	0	435,678
Installment Loan Issued	0	0	0	0
Bonds Issued	1,300,000	0	0	0
Premium on Bonds Issued	40,480	0	0	0
Payment to Refunded Bond Escrow Agent	(1,301,248)	0	0	0
Transfers In	788,460	784,025	1,281,395	785,000
Transfers Out	(806,460)	(784,025)	(1,281,395)	(785,000)
Total Other Financing Sources (Uses)	<u>70,551</u>	<u>0</u>	<u>0</u>	<u>435,678</u>
Net Change in Fund Balance	<u>\$99,813</u>	<u>\$208,951</u>	<u>(\$238,455)</u>	<u>(\$307,502)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.68%	5.16%	5.04%	4.76%

Source: City Auditor's Office

City of Heath, Ohio

2016	2017	2018	2019	2020	2021
0	0	0	0	0	506,100
117,027	0	190,436	0	0	0
740,000	0	0	0	0	0
0	0	0	0	0	5,020,000
0	0	0	0	0	428,681
0	0	0	0	0	0
791,368	924,111	950,683	2,205,233	2,149,166	3,326,339
(791,368)	(924,111)	(950,683)	(2,205,233)	(2,149,166)	(3,326,339)
857,027	0	190,436	0	0	5,954,781
<u>\$1,300,271</u>	<u>(\$754,048)</u>	<u>\$1,721,701</u>	<u>\$2,302,699</u>	<u>\$411,625</u>	<u>\$7,578,934</u>
6.30%	6.92%	7.71%	5.16%	5.06%	7.27%

City of Heath, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	2012	2013	2014	2015
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$410,854	\$412,596	\$410,699	\$430,205
Total Tax Collected	\$5,568,605	\$6,128,745	\$5,942,600	\$6,072,725
Income Tax Receipts				
Withholding	4,490,301	4,469,690	4,456,950	4,526,078
Percentage	80.64%	72.93%	75.00%	74.53%
Corporate	714,709	1,266,038	1,064,014	1,069,468
Percentage	12.83%	20.66%	17.90%	17.61%
Individuals	363,595	393,017	421,636	477,179
Percentage	6.53%	6.41%	7.10%	7.86%

Source: City Income Tax Department

City of Heath, Ohio

2016	2017	2018	2019	2020	2021
1.50%	1.50%	2.00%	2.00%	2.00%	2.00%
\$441,505	\$458,424	\$472,652	\$489,704	\$523,851	\$529,034
\$6,597,206	\$6,394,316	\$8,587,950	\$9,719,207	\$9,102,968	\$11,375,411
4,799,454	4,799,257	6,466,780	7,063,626	7,276,015	8,200,389
72.75%	75.06%	75.30%	72.68%	79.93%	72.09%
1,321,692	1,124,958	1,566,290	1,866,460	1,124,742	2,326,796
20.03%	17.59%	18.24%	19.20%	12.36%	20.45%
476,060	470,101	554,880	789,121	702,211	848,226
7.22%	7.35%	6.46%	8.12%	7.71%	7.46%



City of Heath, Ohio

*Income Tax Statistics
Current Year and Nine Years Ago*

Calendar Year 2021

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.21%	\$196,491,700	34.55%	\$3,929,834	34.55%
All Others	4,690	99.79%	372,278,850	65.45%	7,445,577	65.45%
Total	4,700	100.00%	\$568,770,550	100.00%	\$11,375,411	100.00%

Calendar Year 2012

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.19%	\$144,550,609	38.94%	\$2,168,259	38.94%
All Others	5,205	99.81%	226,689,733	61.06%	3,400,346	61.06%
Total	5,215	100.00%	\$371,240,342	100.00%	\$5,568,605	100.00%

Source: City Income Tax Department

City of Heath, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2012	2013	2014	2015
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$3,225,000	\$2,985,000	\$2,640,000	\$2,285,000
Installment Loan Payable	0	0	0	0
Capital Leases	90,261	65,212	38,773	446,545
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	1,870,000	2,970,000	2,570,000	2,160,000
Ohio Water Development Authority Loans	5,942,607	5,650,424	5,360,803	5,052,270
Ohio Public Works Commission Loan	90,352	380,566	353,326	335,166
General Obligation Notes Payable	0	0	0	0
Capital Leases	0	0	0	460,000
Total Primary Government	<u>\$11,218,220</u>	<u>\$12,051,202</u>	<u>\$10,962,902</u>	<u>\$10,738,981</u>
Population ⁽²⁾				
City of Heath	10,310	10,310	10,310	10,310
Outstanding Debt Per Capita	\$1,088	\$1,169	\$1,063	\$1,042
Income ⁽³⁾				
Personal (in thousands)	410,854	412,596	410,699	430,205
Percentage of Personal Income	2.73%	2.92%	2.67%	2.50%

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

2016	2017	2018	2019	2020	2021
\$1,925,000	\$1,560,000	\$1,185,000	\$935,000	\$680,000	\$5,853,938
710,000	592,610	477,907	360,943	241,670	120,000
470,905	364,331	392,831	236,351	73,663	0
1,735,000	1,538,492	1,375,245	1,074,583	760,153	437,146
5,363,436	5,729,538	5,333,868	4,924,946	4,502,319	4,065,517
326,086	418,129	527,008	496,986	481,975	451,953
0	588,000	0	0	0	0
373,175	283,814	191,880	97,298	0	0
<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>	<u>\$10,928,554</u>
10,310	10,310	10,310	10,310	10,310	10,412
\$1,058	\$1,074	\$920	\$788	\$654	\$1,050
441,505	458,424	472,652	489,704	523,851	529,034
2.47%	2.42%	2.01%	1.66%	1.29%	2.07%

City of Heath, Ohio

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2012	2013	2014	2015
Population (1)	10,310	10,310	10,310	10,310
Assessed Value (2)	\$270,780,340	\$272,878,060	\$271,209,375	\$261,546,140
General Bonded Debt (3)				
General Obligation Bonds	\$5,095,000	\$5,955,000	\$5,210,000	\$4,445,000
Resources Available to Pay Principal (4)	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$5,095,000	\$5,955,000	\$5,210,000	\$4,445,000
Ratio of Net Bonded Debt to Estimated Actual Value	1.88%	2.18%	1.92%	1.70%
Net Bonded Debt per Capita	\$494.18	\$577.59	\$505.33	\$431.13

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

2016	2017	2018	2019	2020	2021
10,310	10,310	10,310	10,310	10,310	10,412
\$266,502,766	\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111	\$335,294,094
\$3,660,000	\$3,098,492	\$2,560,245	\$2,009,583	\$1,440,153	\$6,291,084
\$0	\$0	\$0	\$0	\$0	\$0
\$3,660,000	\$3,098,492	\$2,560,245	\$2,009,583	\$1,440,153	\$6,291,084
1.37%	1.06%	0.86%	0.66%	0.43%	1.88%
\$355.00	\$300.53	\$248.33	\$194.92	\$139.69	\$604.21



City of Heath, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2021*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to the City of Heath (1)	Amount Applicable to the City of Heath
Direct:			
City of Heath	\$5,973,938	100.00%	\$5,973,938
Overlapping:			
Heath City School District	6,285,000	96.93%	6,092,051
Licking County	28,319,694	6.14%	1,738,829
		Subtotal	7,830,880
		Total	\$13,804,818

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	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Debt				
Net Assessed Valuation	\$270,780,340	\$272,878,060	\$271,209,375	\$261,546,140
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	28,431,936	28,652,196	28,476,984	27,462,345
City Debt Outstanding ⁽²⁾	3,225,000	2,985,000	2,640,000	2,285,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>3,225,000</u>	<u>2,985,000</u>	<u>2,640,000</u>	<u>2,285,000</u>
Overall Legal Debt Margin	<u><u>\$25,206,936</u></u>	<u><u>\$25,667,196</u></u>	<u><u>\$25,836,984</u></u>	<u><u>\$25,177,345</u></u>
Unvoted Debt				
Net Assessed Valuation	\$270,780,340	\$272,878,060	\$271,209,375	\$261,546,140
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	14,892,919	15,008,293	14,916,516	14,385,038
City Debt Outstanding ⁽²⁾	3,225,000	2,985,000	2,640,000	2,285,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>3,225,000</u>	<u>2,985,000</u>	<u>2,640,000</u>	<u>2,285,000</u>
Overall Legal Debt Margin	<u><u>\$11,667,919</u></u>	<u><u>\$12,023,293</u></u>	<u><u>\$12,276,516</u></u>	<u><u>\$12,100,038</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

2016	2017	2018	2019	2020	2021
\$266,502,766	\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111	\$335,294,094
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,982,790	30,599,465	31,362,049	31,822,227	35,021,082	35,205,880
1,925,000	1,560,000	1,185,000	935,000	680,000	5,853,938
0	0	0	0	0	0
<u>1,925,000</u>	<u>1,560,000</u>	<u>1,185,000</u>	<u>935,000</u>	<u>680,000</u>	<u>5,853,938</u>
<u>\$26,057,790</u>	<u>\$29,039,465</u>	<u>\$30,177,049</u>	<u>\$30,887,227</u>	<u>\$34,341,082</u>	<u>\$29,351,942</u>

\$266,502,766	\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111	\$335,294,094
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,657,652	16,028,291	16,427,740	16,668,786	18,344,376	18,441,175
1,925,000	1,560,000	1,185,000	935,000	680,000	5,853,938
0	0	0	0	0	0
<u>1,925,000</u>	<u>1,560,000</u>	<u>1,185,000</u>	<u>935,000</u>	<u>680,000</u>	<u>5,853,938</u>
<u>\$12,732,652</u>	<u>\$14,468,291</u>	<u>\$15,242,740</u>	<u>\$15,733,786</u>	<u>\$17,664,376</u>	<u>\$12,587,237</u>

City of Heath, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2012	2013	2014	2015	2016
Population ⁽¹⁾					
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
Income ^{(2) (a)}					
Total Personal (in thousands)	410,854	412,596	410,699	430,205	441,505
Per Capita	39,850	40,019	39,835	41,727	42,823
Unemployment Rate ⁽³⁾					
Federal	8.1%	7.4%	6.2%	4.4%	4.9%
State	7.2%	7.4%	5.7%	4.9%	4.9%
Licking County	6.5%	6.9%	5.1%	5.3%	4.3%
Civilian Work Force Estimates ⁽³⁾					
State	5,747,900	5,765,700	5,719,500	5,700,300	5,713,100
Licking County	84,800	85,800	87,200	83,600	87,900

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2020 for the presentation of 2021 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

2017	2018	2019	2020	2021
10,310	10,310	10,310	10,310	10,412
166,492	166,492	166,492	166,492	178,519
458,424	472,652	489,704	523,851	529,034
44,464	45,844	47,498	50,810	50,810
4.4%	3.9%	3.7%	8.1%	5.3%
5.0%	4.6%	4.1%	8.1%	5.1%
4.2%	4.0%	3.7%	6.5%	4.1%
5,780,000	5,754,900	5,802,300	5,754,300	5,736,900
89,800	89,000	90,500	90,700	91,400



City of Heath, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2021	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	981	1
Kaiser Aluminum & Chemical Co	Manufacturing	251	2
Vance Outdoors	Retail Sales	116	3
Mathews Ford	Retail Sales	140	4
Englefield Oil	Petroleum Products	227	5
Carvana	Retail Sales	959	6
Gummer Wholesale	Retail Sales	124	7
JLH Automotive	Retail Sales	241	8
Heath Board of Ed	Education	324	9
Walmart	Retail Sales	528	10
Total		<u>3,891</u>	

Employer	Nature of Business	2012	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	867	1
Super Wal-Mart Stores	Retail Sales	433	2
Arvin/Meritor	Manufacturing	362	3
Kaiser Aluminum & Chemical Co.	Manufacturing	319	4
Heath City Schools	Education	304	5
Heath Nursing Home	Health Care	226	6
Lowe's Home Center	Retail Sales	204	7
Target Stores	Retail Sales	202	8
John Hinderer Honda	Retail Sales	189	9
Englefield Oil	Petroleum Products	152	10
Total		<u>3,258</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

	2012	2013	2014	2015
Governmental Activities				
General Government				
Mayor	1.00	1.00	1.00	1.00
Auditor	1.00	1.50	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	1.00	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	5.00	0.50
Security of Persons and Property				
Police	18.50	18.00	18.00	18.00
Fire	16.00	16.00	16.00	16.00
Communications	7.00	8.00	8.00	8.00
Transportation				
Street	7.50	7.50	6.00	6.00
Leisure Time Activities				
Recreation / Parks	4.75	3.75	4.75	4.75
Water Park	40.50	33.50	38.00	38.00
Community Environment				
Zoning	2.00	2.00	2.00	2.00
Business-Type Activities				
Utilities				
Water	9.00	10.00	10.00	9.25
Sewer	7.75	7.75	8.75	8.25
<i>Total Employees</i>	<u>132.75</u>	<u>125.75</u>	<u>135.25</u>	<u>129.50</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

2016	2017	2018	2019	2020	2021
1.00	1.00	1.00	1.00	1.00	1.00
1.00	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	17.00	19.00	20.00	20.00	19.00
16.00	16.00	16.00	20.00	21.00	20.00
7.00	8.00	8.00	8.00	8.00	7.00
6.00	6.00	6.50	7.50	7.50	6.50
4.75	4.75	4.25	4.25	4.25	4.25
35.75	36.00	38.00	42.00	0 *	35.25
2.00	2.00	2.00	2.00	2.00	2.00
10.00	10.75	10.75	10.25	9.25	9.25
8.75	8.75	8.75	8.25	8.25	8.25
<u>127.00</u>	<u>128.00</u>	<u>132.00</u>	<u>141.00</u>	<u>99.00</u>	<u>130.25</u>

City of Heath, Ohio

Operating Indicators by Function Last Ten Years

	2012	2013	2014	2015
Governmental Activities				
General Government				
Council				
Members	7	7	7	7
Number of Ordinances passed	83	100	92	91
Number of Resolutions passed	10	7	7	4
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	813	697	662	1,143
Number of Arrests	547	613	658	603
Fire				
Number of Calls	2,303	2,393	2,420	2,506
Number of Inspections	395	390	400	272
Transportation				
Street				
Number of Streets Resurfaced	0	15	2	8
Leisure Time Activities				
Recreation / Parks				
Number of Pool/Water Park Memberships Sold	952	846	757	721
Community Environment				
Number of Building Permits	53	43	60	82
Number of Building Inspections	41	40	45	82
Number of Board of Building and Zoning Appeal Cases	9	8	11	12
Business-Type Activities				
Water				
Number of Service Connections	3,800	3,700	3,824	3,825
Daily Average Consumption (thousands of gallons)	1,200	1,200	1,150	1,200
Maximun Daily Capacity (thousands of gallons)	4,000	4,000	4,000	4,000
Sewer				
Daily Average Sewage Treatment (thousands of gallons)	1,273	1,300	1,390	1,290

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

Source: City Auditor's Office

City of Heath, Ohio

2016	2017	2018	2019	2020	2021
7	7	7	7	7	7
61	95	66	68	75	68
5	6	7	9	7	6
1,189	1,017	883	1,223	758	618
780	746	670	692	578	485
2,752	2,782	2,857	2,909	2,674	2,907
78	177	106	224	39	107
1	7	4	11	6	8
763	794	716	795	0 *	371
73	67	139	68	79	74
51	67	107	22	75	70
12	17	13	8	21	6
3,825	4,485	4,490	4,490	4,495	4,495
1,200	1,200	1,250	1,300	1,395	1,400
4,000	4,000	4,000	4,000	4,000	4,000
1,290	1,230	1,250	1,300	1,350	1,350

City of Heath, Ohio

Capital Asset Statistics by Function Last Ten Years

	2012	2013	2014	2015
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	138	140	140	140
Buildings	23	23	23	23
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Vehicles	7	8	9	9
Fire				
Stations	2	2	2	2
Vehicles	10	10	10	10
Transportation				
Street				
Streets (lane miles)	94	94	94	95
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	4	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

2016	2017	2018	2019	2020	2021
140	204	458	458	461	461
23	24	23	24	25	25
1	1	1	1	1	1
9	8	9	9	10	10
2	2	2	2	2	2
10	11	11	10	12	12
95	95	95	95	95	95
709	709	709	710	710	710
19	19	19	19	19	20
14	15	15	15	16	17
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

	2012	2013	2014	2015
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	86	89	89	89
Pump Stations	4	5	5	5
Number of Hydrants	770	780	780	788
Average Daily Consumption	1,200,000	1,200,000	1,150,000	1,200,000
Storage Capacity (thousands of gallons)	2,383	2,383	2,383	2,383
Sewer				
Sewerlines (Miles)	116	117	117	117
Lift Stations	21	19	19	18
Storm Drains (Miles)	60	43	43	43
Treatment Capacity (thousands of gallons)	1,750	1,750	1,750	2,240

Source: City Auditor's Office

City of Heath, Ohio

2016	2017	2018	2019	2020	2021
90	90	90	90	90	91
5	5	5	5	5	5
793	794	800	800	805	814
1,200,000	1,200,000	1,200,000	1,300,000	1,350,000	1,350,000
2,600	2,600	2,600	2,600	2,600	2,600
118	118	118	118	120	120
18	18	18	18	18	18
49	49	49			
2,777	2,250	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 9/20/2022

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