

**CITY OF HEATH  
LICKING COUNTY  
REGULAR AUDIT  
JANUARY 1, 2022 – DECEMBER 31, 2022**





OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the City of Heath, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 05, 2023

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**CITY OF HEATH  
LICKING COUNTY**

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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 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, 2022, 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, 2023.

***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.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-003 that we consider to be a significant deficiency.

City of Heath  
Licking County  
Independent Auditor's Report on Internal Control Over Financial  
Reporting and On Compliance and Other  
Matters Required By *Government Auditing Standards*

***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 2022-001 and 2022-002.

***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***

The 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.

*Wilson, Shannon & Snow, Inc.*

Newark, Ohio  
August 31, 2023



**CITY OF HEATH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2022-001**

**Noncompliance**

Ohio Rev. Code § 5705.14 states “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 2022, the City transferred \$860,000 from the General Obligation Bond Retirement Fund to the Water 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:**

Ordinance 16-2022 was approved by City Council authorizing \$860,000 from the General fund to the Water fund for an OPWC project. It was later determined the money would come from unspent bond proceeds available in the Debt Service fund; this resulted in the transactions reported in the general ledger being different from the approved ordinance. The City will verify all monies that are transferred are done with the vote of Council, passed by a majority vote, and properly entered into the City’s accounting system.

**FINDING NUMBER 2022-002**

**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:

Fund Name	Function	Expenditures	Appropriations	Total Expenditures in excess of appropriations
General Obligation Debt Service	Transfers Out	\$3,699,696	\$2,839,696	\$860,000

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:**

As noted in response to Finding Number 2022-001, Council had approved the appropriation within the General fund however it was later determined funds would come from the Debt Service fund; an amended ordinance for this was not approved. The City will verify all monies that are transferred are done with the vote of Council, passed by a majority vote, and properly entered into the City’s accounting system.

**CITY OF HEATH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022  
(CONTINUED)**

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

**FINDING NUMBER 2022-003**

**Significant Deficiency**

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.

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 2022-002 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 fund: General Obligation Debt Service. The financial reporting error identified on the City’s Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) is as follows:

Fund Name	Final Budgeted Expenses	Amount Per Statement	Per Amended Appropriation Resolution	Variance
General Obligation Debt Service Fund	Transfer Out	\$3,699,696	\$2,839,696	\$860,000

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:**

As noted in response to Finding Number 2022-001, Council had approved the appropriation within the General fund however it was later determined funds would come from the Debt Service fund; an amended ordinance for this was not approved. The City will verify all monies that are transferred are done with the vote of Council, passed by a majority vote, and properly entered into the City’s accounting system.



# 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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Significant Deficiency – Monthly Bank Reconciliations	Corrective Action Taken and Finding is Fully Corrected	N/A
2021-002	Noncompliance - Transfers	Partially Corrected	Re-issued as Finding Number 2022-001; the City Auditor made improvements to the transfer approval process based on 2021 findings however he didn't realize the one transfer ordinance cited wasn't corrected/amended before 2022 year end.
2021-003	Material Weakness – Financial Statement Adjustments	Partially Corrected	Re-issued in Management Letter; significant improvements were made based on 2021 recommendations.
2021-004	Noncompliance – Expenditures Exceeding Appropriations	Partially Corrected	Re-issued as Finding Number 2022-002; significant improvements were made based on 2021 recommendations.
2021-005	Material Weakness – Posting Budgetary Information in Accounting System	Partially Corrected	Re-issued as Finding Number 2022-003; significant improvements were made based on 2021 recommendations.

# CITY OF HEATH, OHIO

*Licking County*



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2022



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2022

*Prepared by the City Auditor's Department*

Mr. Jay R. Morrow  
City Auditor



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LICKING COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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## CITY OF HEATH

Mark D. Johns  
Mayor

Jay R. Morrow  
Auditor

David C. Morrison  
Director of Law

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

August 31, 2023

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, 2022. The report has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

### **INTRODUCTION**

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

Accounting Principles Generally Accepted in the United States of America requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Heath's MD&A can be found immediately following the Independent Auditor's Report.

### **The Reporting Entity**

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity; Omnibus"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

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

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

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## ***Letter of Transmittal For the Year Ended December 31, 2022***

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### **The City of Heath**

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

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

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

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

### **Labor Relations**

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

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

**CITY OF HEATH, OHIO**

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***Letter of Transmittal  
For the Year Ended December 31, 2022***

---

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

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

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

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

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

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



***Letter of Transmittal  
For the Year Ended December 31, 2022***

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**ECONOMIC OUTLOOK & MAJOR INITIATIVES**

After a strong tax collection year in 2021, the city's tax administrator reported that city income tax collections were up over \$1 million to more than \$12.4 million for 2022. The Heath-Newark-Licking County Port Authority's Central Ohio Aerospace and Technology Center reported 2022 employment numbers with businesses on its campus was up 12.6% from 2021, and up 40% from 2019. Other areas of job employment growth in the city, coupled with wage growth of Heath residents, helped produce the strong tax collection numbers.

There were numerous manufacturing and business development projects approved in Heath during 2022, with none being bigger than the start of construction on BEHR Process Corporation's new paint manufacturing facility – an estimated \$80 million investment with at least 90 new jobs anticipated. Some additional development and redevelopment commercial projects approved in the city included renovations in the Coughlin Hyundai dealership and the additions of Sheetz and Bojangles to the community.

Housing starts in the Licking County area continued to be a hot topic in 2022, with numerous developments looking to come into Heath. Annexations of land, rezoned for residential development, as well as plan reviews and approvals for new houses on land in the city kept the staff of the city's building and zoning department busy. It is expected that as approvals for developments of this nature continue into 2023 and beyond, the population growth of Heath will be a result.

**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, 2022***

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

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

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

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

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2022***

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**OTHER INFORMATION**

**Independent Audit**

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

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Heath, Ohio for its Annual Comprehensive Financial Report for the year ended December 31, 2021. 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 accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. 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, 2022***

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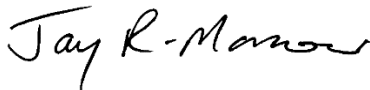
**Acknowledgments**

Sincere appreciation is extended to the individuals who have contributed their time and effort in gathering data for this report. I am indebted to the following staff members; Aimee Canter, Assistant Auditor; Amanda Hopple, HR Manager; and our Department Heads for the extra effort they put forth in the preparation of this report.

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

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

Respectfully,



Jay R. Morrow  
City Auditor

**CITY OF HEATH, OHIO**

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**List of Principal Officials  
For the Year Ended December 31, 2022**

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<b><i>ELECTED OFFICIALS</i></b>	<b><i>OFFICE</i></b>	<b><i>TERM EXPIRES</i></b>	<b><i>SURETY</i></b>
Mark D. Johns	Mayor	12/31/2026	
Jay R. Morrow	Auditor	03/31/2024	B
Tim Kelley	Council Member – at Large President of Council	12/31/2023	
Deborah Cole	Council Member at Large President-Pro-Tem	12/31/2023	
James Roberts	Council Member at Large	12/31/2023	
Adam Porter	Council Member - Ward 1	12/31/2025	
Richard Morrow	Council Member - Ward 2	12/31/2025	
Paul Moretti	Council Member - Ward 3	12/31/2025	
Jeffrey Crabill	Council Member at Large	12/31/2023	

<b><i>ADMINISTRATIVE PERSONNEL</i></b>	<b><i>TITLE</i></b>	<b><i>TERM OF OFFICE</i></b>	<b><i>SURETY</i></b>
Bev Shepherd	Income Tax Commissioner	Indefinite	A
David Haren	Police Chief	Indefinite	
Warren McCord	Fire Chief	Indefinite	
John Geller	Utilities Director	Indefinite	
Robert Geller	Street and Parks Superintendent	Indefinite	
Jared Lane	Building and Zoning Inspector	Indefinite	
David C. Morrison	Law Director	Indefinite	
Aimee Canter	Assistant Auditor	Indefinite	
Tracy Dupps	Clerk of Council	Indefinite	
Ginna Peterson	Mayor's Secretary/Administrative Assistant	Indefinite	
Amanda Hoppel	Human Resources Manager	Indefinite	
Charles Kyle	Recreation Director	Indefinite	

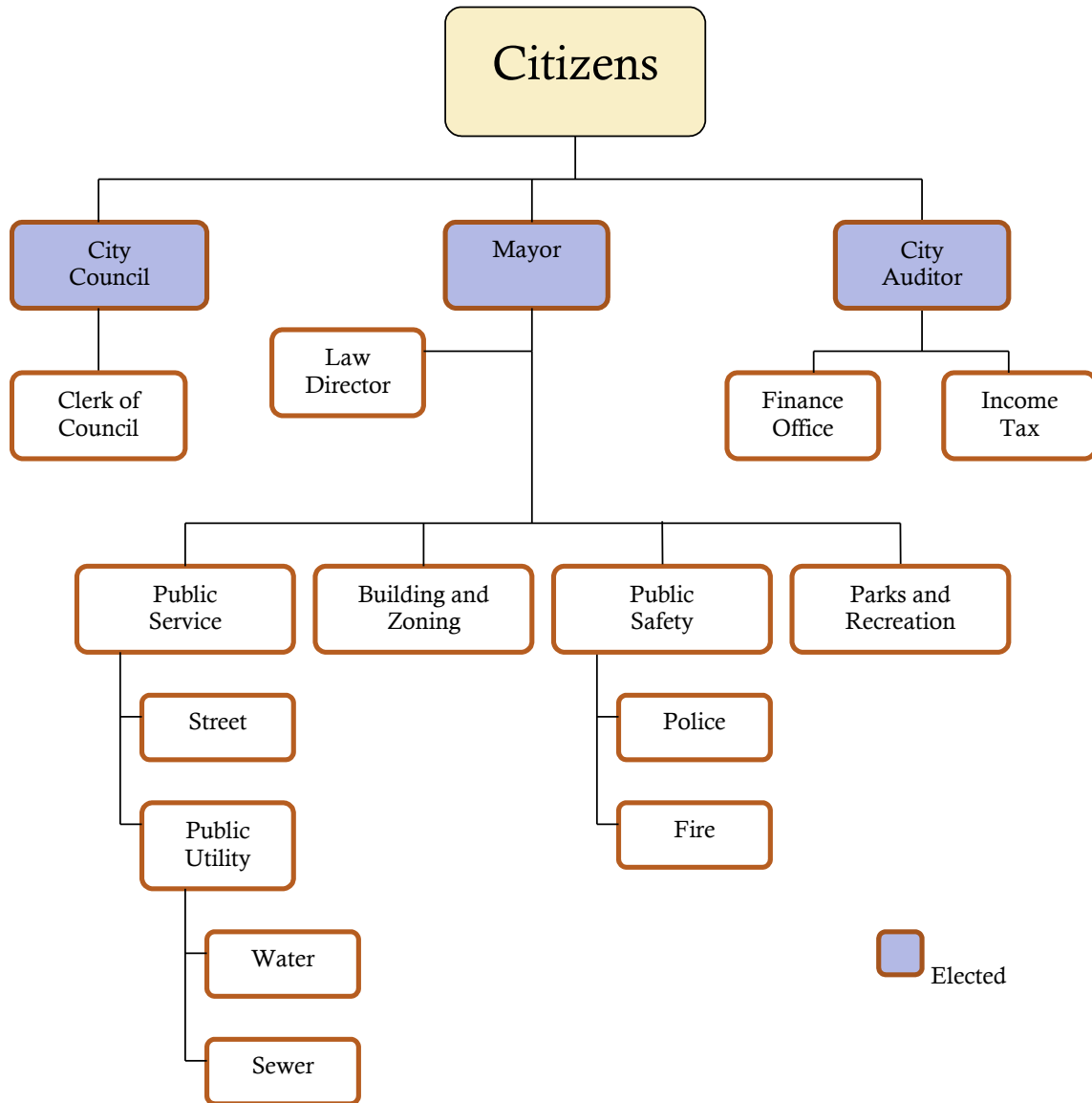
(A) \$100,000 Fidelity and Deposit Company of Maryland 06/1/04 - Indefinite  
 (B) \$100,000 Ohio Farmers Insurance Company 06/1/04 - Indefinite

**City Address:**

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

**City Organizational Chart  
For the Year Ended December 31, 2022**

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**Boards and Commissions**

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

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Certificate of Achievement for Excellence in Financial Reporting*

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Heath  
Ohio**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morrill*

Executive Director/CEO

## *FINANCIAL SECTION*

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## 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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair, 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.

#### ***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/assets 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, 2023, 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.

*Wilson, Shannon & Sons, Inc.*

Newark, Ohio  
August 31, 2023



***Management's Discussion and Analysis  
For the Year Ended December 31, 2022***

***Unaudited***

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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, 2022. 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 2022 are as follows:**

In total, net position increased \$1,626,069. Net position of governmental activities decreased \$1,073,076 which represents a 2.6% decrease from 2021. Net position of business-type activities increased \$2,699,145 or 12.5% from 2021.

General revenues accounted for \$13.9 million in revenue or 63.3% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for 36.7% of total revenues of \$22 million.

The City had \$15.3 million in expenses related to governmental activities; \$2.1 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes) of \$13.9 million assisted in providing for these programs.

Among major funds, the general fund had \$12.1 million in revenues and \$13.3 million in expenditures and other financing uses. The general fund's fund balance decreased \$1.2 million to \$7.1 million.

Net position for enterprise funds increased by \$2.7 million. Revenues increased 16.3% and expenses increased 56.3% in 2022 when compared to 2021. The large negative OPEB expense in 2021 accounted for the unusually low amount of 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.

**CITY OF HEATH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2022**

**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, 2022 and 2021:

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$22,300,060	\$23,146,230	\$10,870,216	\$7,862,995	\$33,170,276	\$31,009,225
Net OPEB Asset	433,138	232,023	202,220	109,790	635,358	341,813
Capital assets, Net	40,188,176	40,318,772	19,439,023	20,451,207	59,627,199	60,769,979
Total assets	62,921,374	63,697,025	30,511,459	28,423,992	93,432,833	92,121,017
Deferred Outflows of Resources	3,593,661	2,479,649	284,206	218,690	3,877,867	2,698,339
Net Pension Liability	8,731,291	10,186,223	603,561	979,882	9,334,852	11,166,105
Net OPEB Liability	1,305,058	1,261,302	0	0	1,305,058	1,261,302
Long-term debt outstanding	6,955,200	6,794,809	4,507,470	5,077,559	11,462,670	11,872,368
Other liabilities	1,915,835	1,053,379	412,011	141,562	2,327,846	1,194,941
Total liabilities	18,907,384	19,295,713	5,523,042	6,199,003	24,430,426	25,494,716
Deferred Inflows of Resources	6,970,320	5,170,554	968,725	838,926	7,939,045	6,009,480
Net position						
Net investment in Capital Assets	34,078,471	39,478,770	15,064,970	15,496,591	49,143,441	54,975,361
Restricted	7,072,720	7,849,731	0	0	7,072,720	7,849,731
Unrestricted	(513,860)	(5,618,094)	9,238,928	6,108,162	8,725,068	490,068
Total net position	\$40,637,331	\$41,710,407	\$24,303,898	\$21,604,753	\$64,941,229	\$63,315,160



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, 2022***

***Unaudited***

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

In accordance with GASB 68 and GASB 75, the 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, 2022**

**Unaudited**

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for Services and Sales	\$1,136,655	\$1,204,558	\$5,375,213	\$5,108,539	\$6,511,868	\$6,313,097
Operating Grants and Contributions	991,379	1,076,535	0	0	991,379	1,076,535
Capital Grants and Contributions	0	372,422	566,487	0	566,487	372,422
Total Program Revenues	2,128,034	2,653,515	5,941,700	5,108,539	8,069,734	7,762,054
General revenues:						
Property Taxes	1,723,470	1,705,281	0	0	1,723,470	1,705,281
Income Taxes	11,913,647	11,436,345	0	0	11,913,647	11,436,345
Intergovernmental Revenue, Unrestricted	600,485	578,673	0	0	600,485	578,673
Investment Earnings	(477,024)	(100,174)	11,703	7,138	(465,321)	(93,036)
Miscellaneous	170,639	225,402	0	0	170,639	225,402
Total General Revenues	13,931,217	13,845,527	11,703	7,138	13,942,920	13,852,665
Total Revenues	16,059,251	16,499,042	5,953,403	5,115,677	22,012,654	21,614,719
Program Expenses:						
Security of Persons and Property	7,748,063	6,715,060	0	0	7,748,063	6,715,060
Public Health and Welfare Services	118,807	58,522	0	0	118,807	58,522
Leisure Time Activities	1,234,154	994,823	0	0	1,234,154	994,823
Community Environment	346,997	240,003	0	0	346,997	240,003
Basic Utility Services	1,170,242	314,745	0	0	1,170,242	314,745
Transportation	3,102,037	2,679,356	0	0	3,102,037	2,679,356
General Government	1,529,725	1,303,454	0	0	1,529,725	1,303,454
Interest and Fiscal Charges	12,461	535,064	0	0	12,461	535,064
Business Type Activities:						
Water	0	0	2,742,437	1,739,412	2,742,437	1,739,412
Sewer	0	0	2,381,662	1,539,046	2,381,662	1,539,046
Total Expenses	15,262,486	12,841,027	5,124,099	3,278,458	20,386,585	16,119,485
Change in Net Assets before transfers	796,765	3,658,015	829,304	1,837,219	1,626,069	5,495,234
Transfers	(1,869,841)	0	1,869,841	0	0	0
Total Change in Net Position	(1,073,076)	3,658,015	2,699,145	1,837,219	1,626,069	5,495,234
Beginning Net Position	41,710,407	38,052,392	21,604,753	19,767,534	63,315,160	57,819,926
Ending Net Position	\$40,637,331	\$41,710,407	\$24,303,898	\$21,604,753	\$64,941,229	\$63,315,160

**Governmental Activities**

Net position of the City's governmental activities decreased by \$1,073,076. Revenues were consistent with 2021 and expenses increased 18.9%. The large fluctuation in expenses can be attributed to the large negative OPEB expense in 2021.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2022***

***Unaudited***

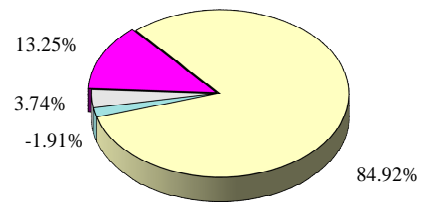
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In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the 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.

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 10.73% and 74.19% respectively of revenues for governmental activities for the City in 2022. The City's reliance upon tax revenues is demonstrated by the following graph indicating 84.92% of total revenues from general tax revenues:

Revenue Sources	2022	Percent of Total
Intergovernmental Revenue, Unrestricted	\$600,485	3.74%
Program Revenues	2,128,034	13.25%
General Tax Revenues	13,637,117	84.92%
General Other	(306,385)	-1.91%
<b>Total Revenue</b>	<b>\$16,059,251</b>	<b>100.00%</b>



***Business-Type Activities***

Net position of the business-type activities increased by \$2,699,145. The 12.5% increase in net position can be attributed primarily transfers in from the governmental activities.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2022***

***Unaudited***

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

The City's governmental funds reported a combined fund balance of \$16,736,245, which is a decrease from last year's balance of \$18,724,910. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2022 and 2021:

	Fund Balance December 31, 2022	Fund Balance December 31, 2021	Increase (Decrease)
General	\$7,059,337	\$8,290,349	(\$1,231,012)
Street Construction, Maintenance and Repair	2,584,393	490,290	2,094,103
Fire Levy	1,074,933	673,719	401,214
Capital Improvement Fund	2,832,500	2,813,650	18,850
Other Governmental	3,185,082	6,456,902	(3,271,820)
<b>Total</b>	<b>\$16,736,245</b>	<b>\$18,724,910</b>	<b>(\$1,988,665)</b>

General Fund – The City's General Fund balance decreased 14.8% from 2021. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2022 Revenues	2021 Revenues	Increase (Decrease)
Taxes	\$11,114,464	\$10,841,279	\$273,185
Intergovernmental Revenue	466,282	542,106	(75,824)
Charges for Services	672,803	573,759	99,044
Licenses and Permits	156,441	296,852	(140,411)
Investment Earnings	(485,852)	(102,806)	(383,046)
Fines and Forfeitures	7,605	8,726	(1,121)
All Other Revenue	170,639	225,402	(54,763)
<b>Total</b>	<b>\$12,102,382</b>	<b>\$12,385,318</b>	<b>(\$282,936)</b>

General Fund revenues decreased by 2.3% under 2021. Tax collections accounted for the majority of increase and helped to offset decreases in investment earnings and licenses and permits.

***Management’s Discussion and Analysis  
For the Year Ended December 31, 2022***

***Unaudited***

	2022	2021	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$6,801,744	\$5,561,409	\$1,240,335
Public Health and Welfare Services	118,807	58,522	60,285
Leisure Time Activities	630,253	589,307	40,946
Community Environment	372,517	343,778	28,739
General Government	1,711,008	1,491,703	219,305
Debt Service:			
Principal Retirement	0	11,172	(11,172)
Interest and Fiscal Charges	0	777	(777)
Total	<u>\$9,634,329</u>	<u>\$8,056,668</u>	<u>\$1,577,661</u>

General Fund expenditures increased by \$1,577,661 or 19.6% over the prior year. Security of persons and property accounted for the majority of the increase. The increase results from the City utilizing COVID relief monies to subsidize the police and fire departments (in other funds) over the past couple of years.

*Street Construction, Maintenance and Repair Fund* – The balance in this fund can vary depending upon the level of road projects taking place in a given year. For 2022, the balance in this fund increased by \$2,094,103 primarily as a result of increased transfers in.

*Fire Levy Fund* – The balance of this fund increased by \$401,214 or 59.6% over the prior year primarily as a result of revenues continuing to outpace expenditures.

*Capital Improvement Fund* – The balance in this fund can vary depending upon the level of capital projects taking place in a given year. For 2022, the balance in this fund increased by \$18,850 primarily as a result of 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 \$3.1 million. 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, 2022***

***Unaudited***

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2022 the City had \$59,627,199 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$40,188,176 was related to governmental activities and \$19,439,023 to the business-type activities. The following table shows 2022 and 2021 balances:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Land	\$9,692,881	\$9,692,881	\$0
Total Non-Depreciable Capital Assets	9,692,881	9,692,881	0
Buildings	6,635,038	6,635,038	0
Improvements Other Than Buildings	5,829,246	5,829,246	0
Machinery and Equipment	9,077,386	8,496,854	580,532
Infrastructure	35,379,322	34,861,173	518,149
Less: Accumulated Depreciation	(26,425,697)	(25,196,420)	(1,229,277)
Total Depreciable Capital Assets, Net	30,495,295	30,625,891	(130,596)
Totals	\$40,188,176	\$40,318,772	(\$130,596)

	Business-Type Activities		Increase (Decrease)
	2022	2021	
Land	\$985,374	\$985,374	\$0
Total Non-Depreciable Capital Assets	985,374	985,374	0
Buildings	17,018,225	17,018,225	0
Improvements Other Than Buildings	4,095,148	4,207,776	(112,628)
Machinery and Equipment	6,787,134	6,863,143	(76,009)
Infrastructure	19,848,150	19,848,150	0
Less: Accumulated Depreciation	(29,295,008)	(28,471,461)	(823,547)
Total Depreciable Capital Assets, Net	18,453,649	19,465,833	(1,012,184)
Totals	\$19,439,023	\$20,451,207	(\$1,012,184)

The largest increase in governmental activities capital assets occurred in the machinery and equipment and infrastructure categories.

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, 2022**

**Unaudited**

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**Debt**

At December 31, 2022, the City had \$5,639,925 in bonds outstanding, \$415,473 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Governmental Activities:		
General Obligation Bonds	\$5,529,452	\$5,853,938
Installment Loans Payable	90,000	120,000
OPWC Loans	490,253	0
Compensated Absences	845,495	820,871
Total Governmental Activities	<u>6,955,200</u>	<u>6,794,809</u>
Business-Type Activities:		
General Obligation Bonds	110,473	437,146
OWDA Loans	3,841,649	4,065,517
OPWC Loans	421,931	451,953
Compensated Absences	133,417	122,943
Total Business-Type Activities	<u>4,507,470</u>	<u>5,077,559</u>
Totals	<u><u>\$11,462,670</u></u>	<u><u>\$11,872,368</u></u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which the City lies, is limited to ten mills. At December 31, 2022, 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 2022 increased 4.2% from 2021.

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, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 18,446,284	\$ 9,828,819	\$ 28,275,103
Receivables:			
Taxes	3,191,509	0	3,191,509
Accounts	28,599	654,691	683,290
Intergovernmental	557,469	0	557,469
Internal Balances	(279,068)	279,068	0
Inventory of Supplies at Cost	134,988	81,600	216,588
Prepaid Items	108,613	26,038	134,651
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	111,666	0	111,666
Net OPEB Asset	433,138	202,220	635,358
Non-Depreciable Capital Assets	9,692,881	985,374	10,678,255
Depreciable Capital Assets, Net	30,495,295	18,453,649	48,948,944
<b>Total Assets</b>	<b>62,921,374</b>	<b>30,511,459</b>	<b>93,432,833</b>
<b>Deferred Outflows of Resources:</b>			
Pension	2,929,200	284,206	3,213,406
OPEB	664,461	0	664,461
<b>Total Deferred Outflows of Resources</b>	<b>3,593,661</b>	<b>284,206</b>	<b>3,877,867</b>
<b>Liabilities:</b>			
Accounts Payable	473,497	330,951	804,448
Accrued Wages and Benefits Payable	432,586	78,710	511,296
Intergovernmental Payable	60,670	0	60,670
Claims Payable	135,670	0	135,670
Unearned Revenue	799,762	0	799,762
Accrued Interest Payable	13,650	2,350	16,000
Noncurrent liabilities:			
Due within one year	440,675	623,007	1,063,682
Due in more than one year:			
Net Pension Liability	8,731,291	603,561	9,334,852
Net OPEB Liability	1,305,058	0	1,305,058
Other Amounts Due in More Than One Year	6,514,525	3,884,463	10,398,988
<b>Total Liabilities</b>	<b>18,907,384</b>	<b>5,523,042</b>	<b>24,430,426</b>

(Continued)

**CITY OF HEATH, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	1,846,843	0	1,846,843
Pension	4,105,704	748,352	4,854,056
OPEB	1,017,773	220,373	1,238,146
<b>Total Deferred Inflows of Resources:</b>	<u>6,970,320</u>	<u>968,725</u>	<u>7,939,045</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	34,078,471	15,064,970	49,143,441
Restricted For:			
Debt Service	1,706,048	0	1,706,048
Security of Persons	1,289,222	0	1,289,222
Transportation	3,780,629	0	3,780,629
Leisure Time Activities	131,248	0	131,248
General Government	165,573	0	165,573
Unrestricted (Deficit)	(513,860)	9,238,928	8,725,068
<b>Total Net Position</b>	<u>\$ 40,637,331</u>	<u>\$ 24,303,898</u>	<u>\$ 64,941,229</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2022**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 7,748,063	\$ 751,087	\$ 24,831	\$ 0
Public Health and Welfare Services	118,807	0	0	0
Leisure Time Activities	1,234,154	257,109	0	0
Community Environment	346,997	71,809	0	0
Basic Utility Services	1,170,242	0	0	0
Transportation	3,102,037	38,035	966,548	0
General Government	1,529,725	18,615	0	0
Interest and Fiscal Charges	12,461	0	0	0
<b>Total Governmental Activities</b>	<b>15,262,486</b>	<b>1,136,655</b>	<b>991,379</b>	<b>0</b>
<b>Business-Type Activities:</b>				
Water	2,742,437	2,639,535	0	215,487
Sewer	2,381,662	2,735,678	0	351,000
<b>Total Business-Type Activities</b>	<b>5,124,099</b>	<b>5,375,213</b>	<b>0</b>	<b>566,487</b>
<b>Totals</b>	<b>\$ 20,386,585</b>	<b>\$ 6,511,868</b>	<b>\$ 991,379</b>	<b>\$ 566,487</b>

**General Revenues:**

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

**Transfers**

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (6,972,145)	\$ 0	\$ (6,972,145)
(118,807)	0	(118,807)
(977,045)	0	(977,045)
(275,188)	0	(275,188)
(1,170,242)	0	(1,170,242)
(2,097,454)	0	(2,097,454)
(1,511,110)	0	(1,511,110)
(12,461)	0	(12,461)
<u>(13,134,452)</u>	<u>0</u>	<u>(13,134,452)</u>
0	112,585	112,585
0	705,016	705,016
<u>0</u>	<u>817,601</u>	<u>817,601</u>
<u>(13,134,452)</u>	<u>817,601</u>	<u>(12,316,851)</u>
1,723,470	0	1,723,470
11,913,647	0	11,913,647
600,485	0	600,485
(477,024)	11,703	(465,321)
170,639	0	170,639
<u>(1,869,841)</u>	<u>1,869,841</u>	<u>0</u>
<u>12,061,376</u>	<u>1,881,544</u>	<u>13,942,920</u>
(1,073,076)	2,699,145	1,626,069
<u>41,710,407</u>	<u>21,604,753</u>	<u>63,315,160</u>
<u>\$ 40,637,331</u>	<u>\$ 24,303,898</u>	<u>\$ 64,941,229</u>

**CITY OF HEATH, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2022**

	General	Street Construction, Maintenance and Repair	Fire Levy	American Rescue Plan
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 6,377,356	\$ 2,612,386	\$ 1,091,898	\$ 799,762
Receivables:				
Taxes	1,945,487	0	884,015	0
Accounts	28,599	0	0	0
Intergovernmental	103,848	312,856	25,679	0
Inventory of Supplies, at Cost	38,127	88,242	0	0
Prepaid Items	92,092	8,894	3,284	0
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
<b>Total Assets</b>	<b>\$ 8,585,509</b>	<b>\$ 3,022,378</b>	<b>\$ 2,004,876</b>	<b>\$ 799,762</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 186,659	\$ 197,616	\$ 5,181	\$ 0
Accrued Wages and Benefits Payable	315,884	31,798	15,068	0
Intergovernmental Payable	60,670	0	0	0
Unearned Revenue	0	0	0	799,762
Compensated Absences Payable	2,907	0	0	0
<b>Total Liabilities</b>	<b>566,120</b>	<b>229,414</b>	<b>20,249</b>	<b>799,762</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	194,014	208,571	32,997	0
Property Tax Levy for Next Fiscal Year	766,038	0	876,697	0
<b>Total Deferred Inflows of Resources</b>	<b>960,052</b>	<b>208,571</b>	<b>909,694</b>	<b>0</b>
<b>Fund Balances:</b>				
Nonspendable	130,219	97,136	3,284	0
Restricted	0	2,487,257	1,071,649	0
Committed	0	0	0	0
Assigned	3,081,258	0	0	0
Unassigned	3,847,860	0	0	0
<b>Total Fund Balances</b>	<b>7,059,337</b>	<b>2,584,393</b>	<b>1,074,933</b>	<b>0</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,585,509</b>	<b>\$ 3,022,378</b>	<b>\$ 2,004,876</b>	<b>\$ 799,762</b>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 2,814,159	\$ 3,167,500	\$ 16,863,061
86,380	275,627	3,191,509
0	0	28,599
0	115,086	557,469
0	8,619	134,988
0	900	105,170
0	111,666	111,666
<u>\$ 2,900,539</u>	<u>\$ 3,679,398</u>	<u>\$ 20,992,462</u>
\$ 59,806	\$ 24,235	\$ 473,497
0	69,836	432,586
0	0	60,670
0	0	799,762
0	0	2,907
<u>59,806</u>	<u>94,071</u>	<u>1,769,422</u>
8,233	196,137	639,952
0	204,108	1,846,843
<u>8,233</u>	<u>400,245</u>	<u>2,486,795</u>
0	9,519	240,158
0	3,070,227	6,629,133
2,832,500	105,336	2,937,836
0	0	3,081,258
0	0	3,847,860
<u>2,832,500</u>	<u>3,185,082</u>	<u>16,736,245</u>
<u>\$ 2,900,539</u>	<u>\$ 3,679,398</u>	<u>\$ 20,992,462</u>

***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2022***

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<b>Total Governmental Fund Balances</b>	\$ 16,736,245
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	40,188,176
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.	639,952
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.	(6,965,943)
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.	(11,133,027)
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. This is the balance that is recorded in the governmental activities.	<u>1,171,928</u>
<b><i>Net Position of Governmental Activities</i></b>	<b><u><u>\$ 40,637,331</u></u></b>

See accompanying notes to the basic financial statements





**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2022**

	General	Street Constuction, Maintenance and Repair	Fire Levy	Capital Improvement
<b>Revenues:</b>				
Taxes	\$ 11,114,464	\$ 0	\$ 833,308	\$ 800,364
Intergovernmental Revenues	466,282	677,264	51,357	0
Charges for Services	672,803	0	0	0
Licenses and Permits	156,441	0	0	0
Investment Earnings	(485,852)	0	1,825	0
Fines and Forfeitures	7,605	0	0	0
All Other Revenue	170,639	38,035	284	0
<b>Total Revenues</b>	<u>12,102,382</u>	<u>715,299</u>	<u>886,774</u>	<u>800,364</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,801,744	0	485,560	129,872
Public Health and Welfare Services	118,807	0	0	0
Leisure Time Activities	630,253	0	0	214,899
Community Environment	372,517	0	0	60,000
Basic Utility Services	0	0	0	1,179,985
Transportation	0	1,404,451	0	1,619,156
General Government	1,711,008	0	0	74,062
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<u>9,634,329</u>	<u>1,404,451</u>	<u>485,560</u>	<u>3,277,974</u>
Excess (Deficiency) of Revenues Over Expenditures	2,468,053	(689,152)	401,214	(2,477,610)
<b>Other Financing Sources (Uses):</b>				
OPWC Loans Initiated	0	0	0	496,460
Transfers In	0	2,783,255	0	2,000,000
Transfers Out	(3,699,065)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(3,699,065)</u>	<u>2,783,255</u>	<u>0</u>	<u>2,496,460</u>
Net Change in Fund Balances	(1,231,012)	2,094,103	401,214	18,850
<b>Fund Balances at Beginning of Year</b>	<u>8,290,349</u>	<u>490,290</u>	<u>673,719</u>	<u>2,813,650</u>
<b>Fund Balances End of Year</b>	<u>\$ 7,059,337</u>	<u>\$ 2,584,393</u>	<u>\$ 1,074,933</u>	<u>\$ 2,832,500</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 832,540	\$ 13,580,676
251,488	1,446,391
244,450	917,253
0	156,441
7,003	(477,024)
83,064	90,669
18,701	227,659
<u>1,437,246</u>	<u>15,942,065</u>
700,150	8,117,326
0	118,807
386,507	1,231,659
0	432,517
0	1,179,985
313,877	3,337,484
0	1,785,070
341,207	341,207
13,294	13,294
<u>1,755,035</u>	<u>16,557,349</u>
(317,789)	(615,284)
0	496,460
745,665	5,528,920
<u>(3,699,696)</u>	<u>(7,398,761)</u>
<u>(2,954,031)</u>	<u>(1,373,381)</u>
(3,271,820)	(1,988,665)
<u>6,456,902</u>	<u>18,724,910</u>
<u>\$ 3,185,082</u>	<u>\$ 16,736,245</u>

***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, 2022***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (1,988,665)

***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. (130,596)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 117,186

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 957,394

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (33,294)

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. (155,253)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 20,319

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. (21,717)

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. 161,550

***Change in Net Position of Governmental Activities*** \$ (1,073,076)

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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 8,677,681	\$ 10,008,860	\$ 11,145,221	\$ 1,136,361
Intergovernmental Revenue	232,856	393,919	441,664	47,745
Charges for Services	489,575	627,893	672,803	44,910
Licenses and Permits	92,200	120,532	156,441	35,909
Investment Earnings	100,000	175,299	211,413	36,114
Fines and Forfeitures	12,200	7,834	7,966	132
All Other Revenues	91,800	160,600	169,748	9,148
Total Revenues	<u>9,696,312</u>	<u>11,494,937</u>	<u>12,805,256</u>	<u>1,310,319</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,444,681	6,727,721	6,617,137	110,584
Public Health and Welfare Services	59,108	59,108	59,108	0
Leisure Time Activities	822,892	822,891	602,111	220,780
Community Environment	547,801	547,801	466,358	81,443
General Government	1,751,114	1,861,609	1,630,466	231,143
Total Expenditures	<u>9,625,596</u>	<u>10,019,130</u>	<u>9,375,180</u>	<u>643,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,716	1,475,807	3,430,076	1,954,269
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(983,000)	(3,699,065)	(3,699,065)	0
Total Other Financing Sources (Uses):	<u>(983,000)</u>	<u>(3,699,065)</u>	<u>(3,699,065)</u>	<u>0</u>
Net Change in Fund Balance	(912,284)	(2,223,258)	(268,989)	1,954,269
Fund Balance at Beginning of Year	6,947,092	6,947,092	6,947,092	0
Prior Year Encumbrances	149,859	149,859	149,859	0
Fund Balance at End of Year	<u>\$ 6,184,667</u>	<u>\$ 4,873,693</u>	<u>\$ 6,827,962</u>	<u>\$ 1,954,269</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 – Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 705,000	\$ 700,248	\$ 676,859	\$ (23,389)
All Other Revenues	0	0	38,035	38,035
Total Revenues	<u>705,000</u>	<u>700,248</u>	<u>714,894</u>	<u>14,646</u>
<b>Expenditures:</b>				
Current:				
Transportation	<u>1,571,871</u>	<u>1,697,827</u>	<u>1,414,145</u>	<u>283,682</u>
Total Expenditures	<u>1,571,871</u>	<u>1,697,827</u>	<u>1,414,145</u>	<u>283,682</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(866,871)	(997,579)	(699,251)	298,328
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>595,000</u>	<u>595,000</u>	<u>2,783,255</u>	<u>2,188,255</u>
Total Other Financing Sources (Uses):	<u>595,000</u>	<u>595,000</u>	<u>2,783,255</u>	<u>2,188,255</u>
Net Change in Fund Balance	(271,871)	(402,579)	2,084,004	2,486,583
Fund Balance at Beginning of Year	381,391	381,391	381,391	0
Prior Year Encumbrances	<u>11,846</u>	<u>11,846</u>	<u>11,846</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 121,366</u>	<u>\$ (9,342)</u>	<u>\$ 2,477,241</u>	<u>\$ 2,486,583</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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**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, 2022**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 814,215	\$ 828,424	\$ 833,308	\$ 4,884
Intergovernmental Revenue	55,942	52,940	51,357	(1,583)
Investment Earnings	0	0	1,825	1,825
All Other Revenues	4,000	4,000	284	(3,716)
Total Revenues	<u>874,157</u>	<u>885,364</u>	<u>886,774</u>	<u>1,410</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	598,267	598,267	493,302	104,965
Total Expenditures	<u>598,267</u>	<u>598,267</u>	<u>493,302</u>	<u>104,965</u>
Net Change in Fund Balance	275,890	287,097	393,472	106,375
Fund Balance at Beginning of Year	667,908	667,908	667,908	0
Prior Year Encumbrances	12,561	12,561	12,561	0
Fund Balance at End of Year	<u>\$ 956,359</u>	<u>\$ 967,566</u>	<u>\$ 1,073,941</u>	<u>\$ 106,375</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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**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, 2022**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 0	\$ 577,669	\$ 577,669	\$ 0
Total Revenues	<u>0</u>	<u>577,669</u>	<u>577,669</u>	<u>0</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	577,669	577,669	0
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(351,000)</u>	<u>(351,000)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>0</u>	<u>(351,000)</u>	<u>(351,000)</u>	<u>0</u>
Net Change in Fund Balance	0	226,669	226,669	0
Fund Balance at Beginning of Year	<u>573,093</u>	<u>573,093</u>	<u>573,093</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 573,093</u>	<u>\$ 799,762</u>	<u>\$ 799,762</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements





**CITY OF HEATH, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2022**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
<b>ASSETS:</b>				
Current assets:				
Equity in Pooled Cash and Investments	\$ 4,640,873	\$ 5,187,946	\$ 9,828,819	\$ 1,583,223
Receivables:				
Accounts	310,866	343,825	654,691	0
Inventory of Supplies at Cost	71,512	10,088	81,600	0
Prepaid Items	16,359	9,679	26,038	3,443
Total current assets	<u>5,039,610</u>	<u>5,551,538</u>	<u>10,591,148</u>	<u>1,586,666</u>
Noncurrent assets:				
Net OPEB Asset	103,016	99,204	202,220	0
Non-Depreciable Capital Assets	893,427	91,947	985,374	0
Depreciable Capital Assets, Net	10,233,201	8,220,448	18,453,649	0
Total noncurrent assets	<u>11,229,644</u>	<u>8,411,599</u>	<u>19,641,243</u>	<u>0</u>
Total Assets	<u>16,269,254</u>	<u>13,963,137</u>	<u>30,232,391</u>	<u>1,586,666</u>
<b>Deferred Outflows of Resources:</b>				
Pension	144,782	139,424	284,206	0
<b>Total Deferred Outflows of Resources</b>	<u>144,782</u>	<u>139,424</u>	<u>284,206</u>	<u>0</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	218,079	112,872	330,951	0
Accrued Wages and Benefits Payable	39,825	38,885	78,710	0
Claims Payable	0	0	0	135,670
Accrued Interest Payable	2,350	0	2,350	0
General Obligation Bonds Payable - Current	110,473	0	110,473	0
OWDA Loans Payable - Current	58,951	400,031	458,982	0
OPWC Loans Payable - Current	26,546	3,476	30,022	0
Compensated Absences Payable - Current	11,251	12,279	23,530	0
Total current liabilities	<u>467,475</u>	<u>567,543</u>	<u>1,035,018</u>	<u>135,670</u>

(Continued)

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
Noncurrent liabilities:				
OWDA Loans Payable	1,018,614	2,364,053	3,382,667	0
OPWC Loans Payable	338,054	53,855	391,909	0
Compensated Absences Payable	46,384	63,503	109,887	0
Net Pension Liability	307,469	296,092	603,561	0
Total noncurrent liabilities	<u>1,710,521</u>	<u>2,777,503</u>	<u>4,488,024</u>	<u>0</u>
Total Liabilities	<u>2,177,996</u>	<u>3,345,046</u>	<u>5,523,042</u>	<u>135,670</u>
<b>Deferred Inflows of Resources:</b>				
Pension	381,292	367,060	748,352	0
OPEB	112,307	108,066	220,373	0
<b>Total Deferred Inflows of Resources</b>	<u>493,599</u>	<u>475,126</u>	<u>968,725</u>	<u>0</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	9,573,990	5,490,980	15,064,970	0
Unrestricted	4,168,451	4,791,409	8,959,860	1,450,996
Total net position	<u>\$ 13,742,441</u>	<u>\$ 10,282,389</u>	<u>24,024,830</u>	<u>\$ 1,450,996</u>
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	279,068
			Net Position of Business-type Activities	<u>\$ 24,303,898</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, 2022**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds		Total Enterprise Funds	
	Water	Sewer		
<b>Operating Revenues:</b>				
Charges for Services	\$ 2,628,252	\$ 2,735,035	\$ 5,363,287	\$ 1,396,658
Other Operating Revenue	11,283	643	11,926	508,399
<b>Total Operating Revenues</b>	<u>2,639,535</u>	<u>2,735,678</u>	<u>5,375,213</u>	<u>1,905,057</u>
<b>Operating Expenses:</b>				
Personal Services	697,051	674,380	1,371,431	0
Contractual Services	1,084,341	1,132,396	2,216,737	0
Materials and Supplies	367,762	123,013	490,775	0
Health Claims Expense	0	0	0	1,703,361
Depreciation	590,687	414,177	1,004,864	0
<b>Total Operating Expenses</b>	<u>2,739,841</u>	<u>2,343,966</u>	<u>5,083,807</u>	<u>1,703,361</u>
<b>Operating Income (Loss)</b>	(100,306)	391,712	291,406	201,696
<b>Non-operating Revenue (Expenses):</b>				
Intergovernmental Revenues	215,487	351,000	566,487	0
Investment Earnings	1,028	10,675	11,703	0
Interest and Fiscal Charges	(23,534)	(49,584)	(73,118)	0
Loss on Disposal of Capital Assets	0	(7,320)	(7,320)	0
<b>Total Non-operating Revenues (Expenses)</b>	<u>192,981</u>	<u>304,771</u>	<u>497,752</u>	<u>0</u>
<b>Income Before Transfers</b>	92,675	696,483	789,158	201,696
Transfers In	1,555,441	314,400	1,869,841	0
<b>Change in Net Position</b>	1,648,116	1,010,883	2,658,999	201,696
<b>Net Position Beginning of Year</b>	<u>12,094,325</u>	<u>9,271,506</u>	<u>21,365,831</u>	<u>1,249,300</u>
<b>Net Position End of Year</b>	<u>\$ 13,742,441</u>	<u>\$ 10,282,389</u>	<u>24,024,830</u>	<u>\$ 1,450,996</u>
			Change in Net Position - Total Enterprise Funds	2,658,999
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	40,146
			Change in Net Position - Business-type Activities	<u>\$ 2,699,145</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, 2022**

	Business-Type Activities Enterprise Funds			Governmental- Activities
	Water	Sewer	Total	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,566,611	\$2,646,157	\$5,212,768	\$0
Cash Received from Interfund Services	0	0	0	1,396,658
Cash Payments for Goods and Services	(1,197,730)	(1,185,981)	(2,383,711)	(1,668,490)
Cash Payments to Employees	(882,508)	(842,522)	(1,725,030)	0
Other Operating Cash Receipts	11,283	643	11,926	508,399
Net Cash Provided by Operating Activities	497,656	618,297	1,115,953	236,567
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	1,555,441	314,400	1,869,841	0
Net Cash Provided by Noncapital Financing Activities	1,555,441	314,400	1,869,841	0
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal Paid on General Obligation Bonds	(326,673)	0	(326,673)	0
Principal Paid on Ohio Water Development Authority Loans	(28,991)	(194,877)	(223,868)	0
Principal Paid on Ohio Public Works Commission Loans	(26,546)	(3,476)	(30,022)	0
Receipt of Intergovernmental Grant	215,487	351,000	566,487	0
Interest Paid on All Debt	(26,321)	(49,584)	(75,905)	0
Net Cash Used for Capital and Related Financing Activities	(193,044)	103,063	(89,981)	0
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	1,028	10,675	11,703	0
Net Cash Provided for Investing Activities	1,028	10,675	11,703	0
Net Increase in Cash and Cash Equivalents	1,861,081	1,046,435	2,907,516	236,567
Cash and Cash Equivalents at Beginning of Year	2,779,792	4,141,511	6,921,303	1,346,656
Cash and Cash Equivalents at End of Year	\$4,640,873	\$5,187,946	\$9,828,819	\$1,583,223

(Continued)

**CITY OF HEATH, OHIO**

	Business-Type Activities Enterprise Funds			Governmental- Activities
	Water	Sewer	Total	Internal Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$100,306)	\$391,712	\$291,406	\$201,696
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	590,687	414,177	1,004,864	0
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable	(61,906)	(88,878)	(150,784)	0
(Increase) Decrease in Inventory	49,399	(1,979)	47,420	0
(Increase) Decrease in Prepaid Items	18,749	25,056	43,805	(3,443)
(Increase) in Net OPEB Asset	(46,676)	(45,754)	(92,430)	0
(Increase) in Deferred Outflows - Pension	(62,444)	(61,315)	(123,759)	0
Decrease in Deferred Outflows - OPEB	29,888	28,355	58,243	0
Increase in Accounts Payable	186,046	44,960	231,006	0
Increase in Health Claims Payable	0	0	0	38,314
Increase in Accrued Wages and Benefits Payable	21,503	20,727	42,230	0
Increase in Compensated Absences Payable	4,994	5,480	10,474	0
Increase in Deferred Inflows - Pension	138,051	136,298	274,349	0
(Decrease) in Deferred Inflows - OPEB	(74,958)	(69,592)	(144,550)	0
(Decrease) in Net Pension Liability	(195,371)	(180,950)	(376,321)	0
Total Adjustments	597,962	226,585	824,547	34,871
Net Cash Provided by Operating Activities	\$497,656	\$618,297	\$1,115,953	\$236,567

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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**Statement of Net Position  
Fiduciary Fund  
December 31, 2022**

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	Private Purpose Trust
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$ 21,985
<b>Total Assets</b>	<u>21,985</u>
<b>Liabilities:</b>	
<b>Total Liabilities</b>	<u>0</u>
<b>Net Position:</b>	
Unrestricted	21,985
<b>Total Net Position</b>	<u>\$ 21,985</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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***Statement of Changes in Net Position  
Fiduciary Fund  
For the Year Ended December 31, 2022***

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	Private Purpose Trust
<b>Additions:</b>	
Contributions	\$ 5,521
Total Additions	<u>5,521</u>
<b>Deductions:</b>	
Total Deductions	<u>0</u>
Change in Net Position	5,521
Net Position at Beginning of Year	<u>16,464</u>
Net Position End of Year	<u>\$ 21,985</u>

See accompanying notes to the basic financial statements



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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

The financial statements are presented as of December 31, 2022 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, 2022***

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

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

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

Street Construction, Maintenance and Repair Fund – This fund is used to account for state levied and controlled gasoline tax and motor vehicle license fees designated for local street construction, maintenance and repair.

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.

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, 2022***

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

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

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for debt service and expenditures related to compensated absences which are recorded only when due.

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

Property taxes measurable as of December 31, 2022 but which are not intended to finance 2022 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, 2022***

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

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

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

**E. Budgetary Process**

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

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

**1. Estimated Resources**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2022.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**E. Budgetary Process** (Continued)

**2. Appropriations**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level and may be modified during the year by Ordinance of City Council. Total fund appropriations may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. During 2022, 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, 2022**

**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	Street Construction, Maintenance and Repair	Fire Levy	American Rescue Plan
GAAP Basis (as reported)	(\$1,231,012)	\$2,094,103	\$401,214	\$0
Increase (Decrease):				
Accrued Revenues at December 31, 2022 received during 2023	(454,038)	(104,285)	0	0
Accrued Revenues at December 31, 2021 received during 2022	1,156,912	103,880	0	0
Accrued Expenditures at December 31, 2022 paid during 2023	566,120	229,414	20,249	799,762
Accrued Expenditures at December 31, 2021 paid during 2022	(143,034)	(90,426)	(10,802)	(573,093)
Change in Inventory	14,769	(19,069)	0	0
2021 Prepays for 2022	126,624	14,426	4,052	0
2022 Prepays for 2023	(92,092)	(8,894)	(3,284)	0
Outstanding Encumbrances	(213,238)	(135,145)	(17,957)	0
Budget Basis	<u>(\$268,989)</u>	<u>\$2,084,004</u>	<u>\$393,472</u>	<u>\$226,669</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**F. Cash and Cash Equivalents**

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**J. Capital Assets and Depreciation**

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

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

Governmental Activities capital assets are those not directly related to the business-type activities. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost or estimated historical cost for assets not purchased in recent years.

Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Capital assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of governmental activities infrastructure include roads, curbs, sidewalks and storm sewers. These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

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

Proprietary funds capital assets are stated at cost (or estimated historical cost) including 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, 2022***

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

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

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

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

**K. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Swimming Pool Fund, Debt Service Fund, Water Fund
Installment Loans Payable	Debt Service Fund
Capital Leases	Street Construction, Maintenance and Repair Fund, Fire Levy Fund
Ohio Water Development Authority Loans	Water Fund, Sewer Fund
Ohio Public Works Commission Loans	Debt Service Fund, 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, 2022***

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

**L. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

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

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

**M. Restricted Assets**

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

**N. Pension/OPEB**

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

**O. Operating Revenues and Expenses**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**P. Self-Funded Insurance**

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

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Flows of cash or goods from one fund to another with a requirement for repayment are reported as Interfund Loans Receivable/Payable. There were no outstanding interfund loans at December 31, 2022. 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, 2022***

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

**R. Fund Balance (Continued)**

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

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

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

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

**S. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction and improvement of those assets, increased by unspent debt proceeds which existed at December 31, 2022. 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, 2022***

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets 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 assets 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 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases,” Statement No. 91, “Conduit Debt Obligations,” Statement No. 92, “Omnibus 2020,” and Statement No. 93, “Replacement of Interbank Offered Rates.”

GASB Statement No. 87 establishes standards of accounting and financial reporting for leases. Statement 87 was evaluated for implementation by the City and was deemed immaterial to the financial statements as a whole. The City will continue to evaluate this Statement each year for future reporting.

GASB Statement No. 91 establishes a single method of reporting conduit debt obligations.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

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

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

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

**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	Street Construction Maintenance and Repair	Fire Levy	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid Items	\$92,092	\$8,894	\$3,284	\$0	\$900	\$105,170
Supplies Inventory	38,127	88,242	0	0	8,619	134,988
Total Nonspendable	130,219	97,136	3,284	0	9,519	240,158
Restricted:						
Transportation Projects	0	2,487,257	0	0	1,006,970	3,494,227
Park Maintenance	0	0	0	0	131,248	131,248
Debt Service	0	0	0	0	1,713,048	1,713,048
Law Enforcement	0	0	0	0	215,531	215,531
Fire Department	0	0	1,071,649	0	3,430	1,075,079
Total Restricted	0	2,487,257	1,071,649	0	3,070,227	6,629,133
Committed:						
Swimming Pool	0	0	0	0	105,336	105,336
Capital Improvements	0	0	0	2,832,500	0	2,832,500
Total Committed	0	0	0	2,832,500	105,336	2,937,836
Assigned:						
Goods and Services	206,674	0	0	0	0	206,674
Projected Budget Deficit	2,874,584	0	0	0	0	2,874,584
Total Assigned	3,081,258	0	0	0	0	3,081,258
Unassigned	3,847,860	0	0	0	0	3,847,860
Total Fund Balances	\$7,059,337	\$2,584,393	\$1,074,933	\$2,832,500	\$3,185,082	\$16,736,245

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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

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

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

Delinquent Income Tax Revenue	\$126,665
Delinquent Property Tax Revenue	15,741
Shared Revenues	497,546
	<u>\$639,952</u>

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

General Obligation Bonds Payable	(\$5,529,452)
Installment Loans Payable	(90,000)
OPWC Loans Payable	(490,253)
Accrued Interest on Long-Term Debt	(13,650)
Compensated Absences Payable	(842,588)
	<u>(\$6,965,943)</u>

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

Net OPEB Asset	433,138
Deferred Outflows - Pension	\$2,929,200
Deferred Outflows - OPEB	664,461
Net Pension Liability	(8,731,291)
Net OPEB Liability	(1,305,058)
Deferred Inflows - Pension	(4,105,704)
Deferred Inflows - OPEB	(1,017,773)
	<u>(\$11,133,027)</u>



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

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

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

Capital Outlay	\$1,212,017
Depreciation Expense	(1,342,613)
	<u>(\$130,596)</u>

*Governmental revenues not reported in the funds:*

Increase in Delinquent Income Tax Revenue	\$64,969
Decrease in Delinquent Property Tax	(8,528)
Increase in Shared Revenue	60,745
	<u>\$117,186</u>

*Contractually required contributions reported as deferred outflows:*

Pension	\$941,940
OPEB	15,454
	<u>\$957,394</u>

*Pension and OPEB expense:*

Pension	(\$337,018)
OPEB	303,724
	<u>(\$33,294)</u>

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

General Obligation Bond Principal	\$305,000
Issuance of OPWC Loans	(496,460)
Installment Loan Payment	30,000
OPWC Loan Payments	6,207
	<u>(\$155,253)</u>

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

Increase in Compensated Absences Payable	(\$21,717)
	<u>(\$21,717)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

Cash resources of several individual funds are combined to form a pool of cash 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, 2022***

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

- Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Time certificates of deposit or savings or deposit accounts including, but not limited to passbook accounts;
- Bonds and other obligations of the State of Ohio or Ohio local governments;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**A. Deposits**

At year end the carrying amount of the City's deposits was \$15,818,035 and the bank balance was \$15,879,308. Federal depository insurance covered \$500,000 of the bank balance and \$15,379,308 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 \$111,666 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, 2022**

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

**C. Investments**

The City's investments at December 31, 2022 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	\$725,641	AAAm <sup>1</sup>	N/A	5.81%	\$725,641	\$0	\$0
FNMA	532,401	AA+	Level 2	4.27%	54,293	478,108	0
FHLB	2,814,396	AA+	Level 2	22.56%	196,679	2,258,435	359,282
FHLMC	628,980	AA+	Level 2	5.04%	0	628,980	0
FFCB	2,098,136	AA+	Level 2	16.81%	713,481	822,286	562,369
US Treasury Note	1,780,151	AA+	Level 2	14.27%	298,465	1,481,686	0
Corporate Bonds	127,994	AA+	Level 2	1.03%	0	0	127,994
Negotiable C/D's	3,771,354	AAA <sup>1</sup>	Level 2	30.21%	1,247,336	2,380,972	143,046
Total Investments	<u>\$12,479,053</u>			<u>100.00%</u>	<u>\$3,235,895</u>	<u>\$8,050,467</u>	<u>\$1,192,691</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, 2022***

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**NOTE 6 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2022 were levied after October 1, 2021 on assessed values as of January 1, 2021, 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 2022. 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, 2022 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2022 levy was based was \$344,104,315. This amount constitutes \$318,387,785 in real property assessed value and \$25,716,530 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, 2022 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 2022 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, 2022**

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**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, 2022 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 2022:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$0	\$3,699,065
Street Construction, Maintenance and Repair	2,783,255	0
Capital Improvement Fund	2,000,000	0
Other Governmental Funds	745,665	3,699,696
Total Governmental Transfers	5,528,920	7,398,761
Proprietary Fund:		
Water Fund	1,555,441	0
Sewer Fund	314,400	0
Total Business Type Transfers	1,869,841	0
Totals	\$7,398,761	\$7,398,761

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, 2022**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2022:

<i>Historical Cost:</i>		Balance		Balance
Class	December 31,	Additions	Deletions	December 31,
	2021			2022
<b>Non-Depreciable Capital Assets:</b>				
Land	\$9,692,881	\$0	\$0	\$9,692,881
Subtotal	9,692,881	0	0	9,692,881
<b>Depreciable Capital Assets:</b>				
Buildings	6,635,038	0	0	6,635,038
Improvements other than Buildings	5,829,246	0	0	5,829,246
Machinery and Equipment	8,496,854	693,868	(113,336)	9,077,386
Infrastructure	34,861,173	518,149	0	35,379,322
Subtotal	55,822,311	1,212,017	(113,336)	56,920,992
Total Cost	\$65,515,192	\$1,212,017	(\$113,336)	\$66,613,873
<b>Accumulated Depreciation:</b>				
Class	December 31,	Additions	Deletions	December 31,
	2021			2022
Buildings	(\$4,048,716)	(\$127,036)	\$0	(\$4,175,752)
Improvements other than Buildings	(3,691,480)	(175,870)	0	(3,867,350)
Machinery and Equipment	(4,967,209)	(509,616)	113,336	(5,363,489)
Infrastructure	(12,489,015)	(530,091)	0	(13,019,106)
Total Depreciation	(\$25,196,420)	(\$1,342,613) *	\$113,336	(\$26,425,697)
<b>Net Value:</b>	\$40,318,772			\$40,188,176

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

Security of Persons and Property	\$416,068
Leisure Time Activities	191,031
Community Environment	12,004
Transportation	717,695
General Government	5,815
Total Depreciation Expense	\$1,342,613

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

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

Summary by Category at December 31, 2022:

<i>Historical Cost:</i>	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Class				
<b><i>Non-Depreciable Capital Assets:</i></b>				
Land	\$985,374	\$0	\$0	\$985,374
Subtotal	<u>985,374</u>	<u>0</u>	<u>0</u>	<u>985,374</u>
<b><i>Depreciable Capital Assets:</i></b>				
Buildings	17,018,225	0	0	17,018,225
Improvements Other Than Buildings	4,207,776	0	(112,628)	4,095,148
Machinery and Equipment	6,863,143	0	(76,009)	6,787,134
Infrastructure	19,848,150	0	0	19,848,150
Subtotal	<u>47,937,294</u>	<u>0</u>	<u>(188,637)</u>	<u>47,748,657</u>
Total Cost	<u>\$48,922,668</u>	<u>\$0</u>	<u>(\$188,637)</u>	<u>\$48,734,031</u>
<b><i>Accumulated Depreciation:</i></b>				
Class	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Buildings	(\$9,861,373)	(\$424,949)	\$0	(\$10,286,322)
Improvements Other Than Buildings	(2,277,064)	(129,908)	112,628	(2,294,344)
Machinery and Equipment	(5,497,001)	(159,382)	68,689	(5,587,694)
Infrastructure	(10,836,023)	(290,625)	0	(11,126,648)
Total Depreciation	<u>(\$28,471,461)</u>	<u>(\$1,004,864)</u>	<u>\$181,317</u>	<u>(\$29,295,008)</u>
<b><i>Net Value:</i></b>	<u>\$20,451,207</u>			<u>\$19,439,023</u>



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

**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):

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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

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

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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit. 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, 2022**

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**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>	<u>Law Enforcement</u>
<b>2022 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	18.1 %
Employee	10.0 %	*
<b>2022 Actual Contribution Rates</b>		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$411,397 for 2022.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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

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

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

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

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

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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

	<u>Police</u>	<u>Firefighters</u>
<b>2022 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
<b>2022 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$661,481 for 2022.

***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, 2021, 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, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,896,341	\$7,438,511	\$9,334,852
Proportion of the Net Pension Liability-2022	0.021796%	0.119607%	
Proportion of the Net Pension Liability-2021	<u>0.020602%</u>	<u>0.119045%</u>	
Percentage Change	<u>0.0011940%</u>	<u>0.000562%</u>	
Pension Expense	(\$263,303)	\$505,528	\$242,225

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$237,135	\$1,359,440	\$1,596,575
Differences between expected and actual experience	96,672	214,484	311,156
Change in proportionate share	147,747	85,050	232,797
City contributions subsequent to the measurement date	411,397	661,481	1,072,878
Total Deferred Outflows of Resources	<u>\$892,951</u>	<u>\$2,320,455</u>	<u>\$3,213,406</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$2,255,630	\$1,950,262	\$4,205,892
Differences between expected and actual experience	41,592	386,700	428,292
Change in proportionate share	53,547	166,325	219,872
Total Deferred Inflows of Resources	<u>\$2,350,769</u>	<u>\$2,503,287</u>	<u>\$4,854,056</u>

\$1,072,878 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$246,513)	(\$56,452)	(\$302,965)
2024	(733,493)	(532,754)	(1,266,247)
2025	(530,391)	(229,043)	(759,434)
2026	(358,818)	(174,202)	(533,020)
2027	0	148,138	148,138
Total	<u>(\$1,869,215)</u>	<u>(\$844,313)</u>	<u>(\$2,713,528)</u>

**Actuarial Assumptions - OPERS**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**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, 2021 and December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	<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

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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, 2022**

**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. Best estimates of arithmetic real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
Total	100.00 %	4.21 %

**Discount Rate** The discount rate used to measure the total pension liability was 6.9 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 6.9 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 (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$4,999,784	\$1,896,341	(\$686,138)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

**Actuarial Assumptions – OPF**

OPF’s total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, 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, 2021, compared with January 1, 2020, are presented below.

	January 1, 2021	January 1, 2020
Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 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	2.2 percent simple

For the January 1, 2021 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, 2021 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, 2022***

**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 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, 2021 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	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
<b>Total</b>	<b>125.00 %</b>	

\* levered 2.5x

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, 2022***

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

***Discount Rate*** For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2020 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 7.50 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$11,031,209	\$7,438,511	\$4,446,682

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**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 (asset). Resulting adjustments to the net OPEB liability (asset) 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 (asset)* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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

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

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

Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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 2022, 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.

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 2022. 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 2022 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 2022.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

***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. OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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

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

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

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**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 2022, 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 \$15,454 for 2022.

***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, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$635,358)	\$1,305,058	\$669,700
Proportion of the Net OPEB Liability (Asset)-2022	0.020285%	0.119065%	
Proportion of the Net OPEB Liability (Asset)-2021	<u>0.019186%</u>	<u>0.119045%</u>	
Percentage Change	<u>0.0010990%</u>	<u>0.000020%</u>	
OPEB Expense	(\$557,447)	\$74,986	(\$482,461)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$0	\$577,660	\$577,660
Differences between expected and actual experience	0	59,369	59,369
Change in proportionate share	0	11,978	11,978
City contributions subsequent to the measurement date	0	15,454	15,454
Total Deferred Outflows of Resources	<u>\$0</u>	<u>\$664,461</u>	<u>\$664,461</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	\$302,893	\$117,892	\$420,785
Differences between expected and actual experience	96,375	172,477	268,852
Changes in assumptions	257,185	151,573	408,758
Change in proportionate share	35,617	104,134	139,751
Total Deferred Inflows of Resources	<u>\$692,070</u>	<u>\$546,076</u>	<u>\$1,238,146</u>

\$15,454 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 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$441,594)	\$20,600	(\$420,994)
2024	(140,792)	3,100	(137,692)
2025	(66,182)	13,313	(52,869)
2026	(43,502)	12,019	(31,483)
2027	0	27,756	27,756
2028	0	15,954	15,954
2029	0	10,189	10,189
Total	<u>(\$692,070)</u>	<u>\$102,931</u>	<u>(\$589,139)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. 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	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	1.84 percent
Prior measurement date	2.00 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2034
Prior measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**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. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

**Discount Rate** A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. 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 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index").

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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**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 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

**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)	(\$373,650)	(\$635,358)	(\$852,579)

**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 2022 is 5.50 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)	(\$642,223)	(\$635,358)	(\$627,212)

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 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	2.84 percent	2.96 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

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

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

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

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

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

The 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, 2021, are summarized below:

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

\* levered 2.5x

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 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 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 7.50 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 2.05 percent at December 31, 2021 and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 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 (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$1,640,483	\$1,305,058	\$1,029,332

***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, 2022, the City's accumulated, unpaid compensated absences amounted to \$978,912. Of this amount, \$845,495 is recorded as Governmental Activities on the Entity Wide Statement of Net Position (\$87,059 is reported as due within one year), \$133,417 is recorded as Business-type activities (\$23,530 is reported as due within one year).

**CITY OF HEATH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

Long-term debt and other long-term obligations of the City at December 31, 2022 were as follows:

	Original Liability		Balance December 31, 2021	Additions	(Reductions)	Balance December 31, 2022	Amounts Due Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
2.00 - 3.63%	Swimming Pool Refunding	\$1,325,000	2022	\$135,000	\$0	(\$135,000)	\$0
2.00 - 3.00%	S.R. 79 Refunding	1,300,000	2023	280,000	0	(140,000)	140,000
3.00 - 4.00%	Various Purpose Bond	5,020,000	2043	5,020,000	0	(30,000)	4,990,000
	Premium on Various Purpose	428,681		418,938	0	(19,486)	399,452
	Total General Obligation Bonds			5,853,938	0	(324,486)	5,529,452
Installment Loans Payable:							
0.00%	Port Authority	300,000	2025	120,000	0	(30,000)	90,000
Ohio Public Works Commission Loans:							
0.00%	Blackfoot Trail Culvert	372,422	2060	0	372,422	(6,207)	366,215
0.00%	Linville Road Upgrade	124,038	2040	0	124,038	0	124,038
	Total OPWC Loans			0	496,460	(6,207)	490,253
	Compensated Absences			820,871	188,798	(164,174)	845,495
	<b>Total Governmental Long-Term Debt</b>			<b>\$6,794,809</b>	<b>\$685,258</b>	<b>(\$524,867)</b>	<b>\$6,955,200</b>
<b>Business Type Activities:</b>							
General Obligation Bond:							
2.00 - 2.50%	Franklin Ave. Waterline	555,000	2022	\$60,000	\$0	(\$60,000)	\$0
1.25 - 3.00%	Water Plant Improvement	1,495,000	2022	160,000	0	(160,000)	0
2.88%	Water System Improvement	238,492	2023	84,119	0	(41,454)	42,665
4.01%	2018- Water System Improvement	313,700	2023	133,027	0	(65,219)	67,808
	Total General Obligation Bonds			437,146	0	(326,673)	110,473
Ohio Water Development Authority Loans:							
3.76%	Loan SRF-4011	2,757,604	2024	588,905	0	(93,638)	495,267
3.25%	Loan SRF-5657	4,110,016	2032	2,370,056	0	(101,239)	2,268,817
2.20%	Linville Road Water Tower	630,564	2038	1,106,556	0	(28,991)	1,077,565
	Total OWDA Loans			4,065,517	0	(223,868)	3,841,649
Ohio Public Works Commission Loans:							
0.00%	Sewer Replacement & Expansion	104,256	2038	60,807	0	(3,476)	57,331
0.00%	Water Main & Booster Station	293,690	2033	183,559	0	(14,684)	168,875
0.00%	Industrial Dual Water Feed	237,242	2038	207,587	0	(11,862)	195,725
	Total OPWC Loans			451,953	0	(30,022)	421,931
	Compensated Absences			122,943	47,357	(36,883)	133,417
	<b>Total Business Type Long-Term Debt</b>			<b>\$5,077,559</b>	<b>\$47,357</b>	<b>(\$617,446)</b>	<b>\$4,507,470</b>

**CITY OF HEATH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022**

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

The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. The City's total debt margin at December 31, 2022 was \$30,601,501.

Principal and interest requirements to retire long-term debt outstanding at December 31, 2022 were as follows:

Years	Governmental Activities					
	General Obligation Bonds		Installment Loans Payable		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$305,000	\$163,800	\$30,000	\$0	\$18,616	\$0
2024	175,000	154,650	30,000	0	18,616	0
2025	175,000	149,400	30,000	0	18,616	0
2026	185,000	144,150	0	0	18,616	0
2027	185,000	136,750	0	0	18,616	0
2028-2032	1,075,000	566,000	0	0	93,080	0
2033-2037	1,255,000	381,600	0	0	93,080	0
2038-2042	1,460,000	181,200	0	0	86,878	0
2043-2047	315,000	9,450	0	0	62,070	0
2048-2052	0	0	0	0	62,065	0
Totals	\$5,130,000	\$1,887,000	\$90,000	\$0	490,253	0

Years	Business-Type Activities					
	General Obligation Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$110,473	\$3,938	\$458,982	\$112,490	\$30,022	\$0
2024	0	0	474,403	97,067	30,022	0
2025	0	0	385,646	81,116	30,022	0
2026	0	0	291,493	70,559	30,022	0
2027	0	0	300,386	61,667	30,022	0
2028-2032	0	0	1,505,574	164,945	150,110	0
2033-2037	0	0	384,351	28,383	98,713	0
2038	0	0	40,814	453	22,998	0
Totals	\$110,473	\$3,938	\$3,841,649	\$616,680	\$421,931	\$0

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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

**A. Defeased Debt**

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 \$145,000 at December 31, 2022, 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, 2018 and 2022. Proceeds from these loans provided for the replacement of the Blackfoot Trail Culvert, upgrade of Linnville Road, 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, 2022***

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**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, 2022***

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**NOTE 14 - RISK MANAGEMENT (Continued)**

The claims liability of \$135,670 reported in the fund at December 31, 2022 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 2021 and 2022 were:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Year End
2021	\$99,227	\$1,405,764	(\$1,407,635)	97,356
2022	97,356	1,703,361	(1,665,047)	135,670

**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, 2022, the City's cash basis commitments for encumbrances were as follows:

Fund	Year-End Commitment
General Fund	\$213,238
Street Construction, Maintenance and Repair	135,145
Fire Levy Fund	17,957
Capital Improvement Fund	1,297,655
Other Governmental Funds	69,624
Water Fund	789,843
Sewer Fund	1,738,258
Total	<u>\$4,261,720</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022***

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**NOTE 17 – TAX ABATEMENT DISCLOSURES**

As of December 31, 2022, 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 2022:

	Total Amount of Taxes Abated (Incentives Abated) For the Year 2022 (In Actual Dollars)
<u>Community Reinvestment Area (CRA)</u> All CRA Properties	<u>\$102,996</u>

**NOTE 18 – COMPLIANCE**

The City did not have adequate appropriations in place at the time expenditures were made contrary to Ohio Revised Code Section 5705.41(B). Additionally, the City transferred money from the General Obligation Debt Service Fund to the Water Fund without a resolution passed by a two-thirds majority contrary to Ohio Revised Code Section 5705.14.

*REQUIRED SUPPLEMENTARY INFORMATION*

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**CITY OF HEATH, OHIO**

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

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**Ohio Public Employees Retirement System**

Year	2013	2014	2015	2016
City's proportion of the net pension liability (asset)	0.022110%	0.022110%	0.020855%	0.021617%
City's proportionate share of the net pension liability (asset)	\$2,606,481	\$2,666,713	\$3,612,394	\$4,908,883
City's covered payroll	\$2,688,115	\$2,751,733	\$2,595,642	\$2,704,108
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	96.96%	96.91%	139.17%	181.53%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015	2016
City's proportion of the net pension liability (asset)	0.126978%	0.126978%	0.125757%	0.123476%
City's proportionate share of the net pension liability (asset)	\$6,184,232	\$6,577,995	\$8,090,029	\$7,820,818
City's covered payroll	\$3,249,567	\$2,549,882	\$2,532,277	\$2,550,539
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	190.31%	257.97%	319.48%	306.63%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

**CITY OF HEATH, OHIO**

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<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
0.021078%	0.021340%	0.021757%	0.020602%	0.021796%
\$3,306,674	\$5,844,593	\$4,300,418	\$3,050,707	\$1,896,341
\$2,547,531	\$2,875,700	\$3,305,479	\$2,714,900	\$3,414,000
129.80%	203.24%	130.10%	112.37%	55.55%
84.66%	74.70%	82.17%	86.88%	92.62%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
0.119660%	0.118566%	0.121473%	0.119045%	0.119065%
\$7,344,090	\$9,678,119	\$8,183,091	\$8,115,398	\$7,438,511
\$2,610,245	\$2,369,088	\$3,174,476	\$2,741,612	\$3,277,854
281.36%	408.52%	257.78%	296.01%	226.93%
70.91%	63.07%	69.89%	70.65%	75.03%

**CITY OF HEATH, OHIO**

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

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**Ohio Public Employees Retirement System**

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$349,455	\$330,208	\$311,477	\$324,493
Contributions in relation to the contractually required contribution	<u>349,455</u>	<u>330,208</u>	<u>311,477</u>	<u>324,493</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$2,688,115	\$2,751,733	\$2,595,642	\$2,704,108
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%

Source: City Auditor'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>	<u>2016</u>
Contractually required contribution	\$555,026	\$519,156	\$536,641	\$539,361
Contributions in relation to the contractually required contribution	<u>555,026</u>	<u>519,156</u>	<u>536,641</u>	<u>539,361</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$3,249,567	\$2,549,882	\$2,532,277	\$2,550,539
Contributions as a percentage of covered payroll	17.08%	20.36%	21.19%	21.15%

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

Notes: The City implemented GASB Statement 68 in 2015.

**CITY OF HEATH, OHIO**

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<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$331,179	\$402,598	\$462,767	\$380,086	\$477,960	\$411,397
<u>331,179</u>	<u>402,598</u>	<u>462,767</u>	<u>380,086</u>	<u>477,960</u>	<u>411,397</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,547,531	\$2,875,700	\$3,305,479	\$2,714,900	\$3,414,000	\$2,938,550
13.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$552,313	\$500,708	\$673,420	\$581,338	\$696,658	\$661,481
<u>552,313</u>	<u>500,708</u>	<u>673,420</u>	<u>581,338</u>	<u>696,658</u>	<u>661,481</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,610,245	\$2,369,088	\$3,174,476	\$2,741,612	\$3,277,854	\$3,090,839
21.16%	21.14%	21.21%	21.20%	21.25%	21.40%

**CITY OF HEATH, OHIO**

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

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

Notes: The City implemented GASB Statement 75 in 2018.  
Information prior to 2016 is not available.

**CITY OF HEATH, OHIO**

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<u>2019</u>	<u>2020</u>	<u>2021</u>
0.020274%	0.019186%	0.020285%
\$2,800,366	(\$341,813)	(\$635,358)
\$3,305,479	\$2,714,900	\$3,414,000
84.72%	(12.59)%	(18.61)%
47.80%	115.57%	128.23%

<u>2019</u>	<u>2020</u>	<u>2021</u>
0.121473%	0.119045%	0.119065%
\$1,199,881	\$1,261,302	\$1,305,058
\$3,174,476	\$2,741,612	\$3,277,854
37.80%	46.01%	39.81%
47.08%	45.42%	46.86%

**CITY OF HEATH, OHIO**

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

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**Ohio Public Employees Retirement System**

Year	2013	2014	2015	2016
Contractually required contribution	\$26,881	\$55,035	\$51,913	\$54,082
Contributions in relation to the contractually required contribution	26,881	55,035	51,913	54,082
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$2,688,115	\$2,751,733	\$2,595,642	\$2,704,108
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%	2.00%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015	2016
Contractually required contribution	\$110,835	\$12,749	\$12,661	\$12,753
Contributions in relation to the contractually required contribution	110,835	12,749	12,661	12,753
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$3,249,567	\$2,549,882	\$2,532,277	\$2,550,539
Contributions as a percentage of covered payroll	3.41%	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

**CITY OF HEATH, OHIO**

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2017	2018	2019	2020	2021	2022
\$25,476	\$0	\$0	\$0	\$0	\$0
<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>	<u>\$0</u>
\$2,547,531	\$2,875,700	\$3,305,479	\$2,714,900	\$3,414,000	\$2,938,550
1.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2017	2018	2019	2020	2021	2022
\$13,051	\$11,845	\$15,872	\$13,708	\$16,389	\$15,454
<u>13,051</u>	<u>11,845</u>	<u>15,872</u>	<u>13,708</u>	<u>16,389</u>	<u>15,454</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,610,245	\$2,369,088	\$3,174,476	\$2,741,612	\$3,277,854	\$3,090,839
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%



***Notes to the Required Supplementary Information  
For the Year Ended December 31, 2022***

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**NET PENSION LIABILITY**

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

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2022.

*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.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

***Notes to the Required Supplementary Information  
For the Year Ended December 31, 2022***

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**NET PENSION LIABILITY** (Continued)

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

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2022.

*Changes in assumptions:*

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

2018: 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 8.25% 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.

2022: 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%

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***Notes to the Required Supplementary Information  
For the Year Ended December 31, 2022***

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**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.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

*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%

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

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

***Notes to the Required Supplementary Information  
For the Year Ended December 31, 2022***

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

**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 - 2022: There were no changes in benefit terms.

*Changes in assumptions:*

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

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

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

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

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

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%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: 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 2.96% to 2.84%.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**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.

**Opioid Settlement Fund**

To account for monies obtained and distributed by the State of Ohio for opioid settlements from drug manufacturers and distributors. It is designated for resources to assist with community drug recovery, prevention and treatment.

(Continued)

***Nonmajor Governmental Funds***

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

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**Enforcement and Education Fund**

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

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

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

**Local Coronavirus Relief Fund**

This fund is used to account for Coronavirus Relief funds received through passage of the CARES Act. These funds can be used for necessary expenditures incurred due to the Covid-19 public health emergency. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities and there was no activity during the year.)

**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.

***Debt Service Fund***

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The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for payment.

**General Obligation Debt Service Fund**

To account for resources that are used for payment of principal, interest and fiscal charges on general obligation debt.



**CITY OF HEATH, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 1,517,571	\$ 1,649,929	\$ 3,167,500
Receivables:			
Taxes	205,858	69,769	275,627
Intergovernmental	115,086	0	115,086
Inventory of Supplies, at Cost	8,619	0	8,619
Prepaid Items	900	0	900
Cash and Cash Equivalents with Fiscal Agent	111,666	0	111,666
<b>Total Assets</b>	<b>\$ 1,959,700</b>	<b>\$ 1,719,698</b>	<b>\$ 3,679,398</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 24,235	\$ 0	\$ 24,235
Accrued Wages and Benefits Payable	69,836	0	69,836
<b>Total Liabilities</b>	<b>94,071</b>	<b>0</b>	<b>94,071</b>
<b>Deferred Inflows and Resources:</b>			
Unavailable Amounts	189,487	6,650	196,137
Property Tax Levy for Next Year	204,108	0	204,108
<b>Total Deferred Inflows of Resources</b>	<b>393,595</b>	<b>6,650</b>	<b>400,245</b>
<b>Fund Balances:</b>			
Nonspendable	9,519	0	9,519
Restricted	1,357,179	1,713,048	3,070,227
Committed	105,336	0	105,336
<b>Total Fund Balances</b>	<b>1,472,034</b>	<b>1,713,048</b>	<b>3,185,082</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,959,700</b>	<b>\$ 1,719,698</b>	<b>\$ 3,679,398</b>

**CITY OF HEATH, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2022***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 186,092	\$ 646,448	\$ 832,540
Intergovernmental Revenues	251,488	0	251,488
Charges for Services	244,450	0	244,450
Investment Earnings	7,003	0	7,003
Fines and Forfeitures	83,064	0	83,064
All Other Revenue	18,701	0	18,701
<b>Total Revenue</b>	<u>790,798</u>	<u>646,448</u>	<u>1,437,246</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	700,150	0	700,150
Leisure Time Activities	386,507	0	386,507
Transportation	313,877	0	313,877
Debt Service:			
Principal Retirement	165,000	176,207	341,207
Interest and Fiscal Charges	4,894	8,400	13,294
<b>Total Expenditures</b>	<u>1,570,428</u>	<u>184,607</u>	<u>1,755,035</u>
Excess (Deficiency) of Revenues Over Expenditures	(779,630)	461,841	(317,789)
<b>Other Financing Sources (Uses):</b>			
Transfers In	745,665	0	745,665
Transfers Out	0	(3,699,696)	(3,699,696)
<b>Total Other Financing Sources (Uses)</b>	<u>745,665</u>	<u>(3,699,696)</u>	<u>(2,954,031)</u>
Net Change in Fund Balance	(33,965)	(3,237,855)	(3,271,820)
<b>Fund Balances at Beginning of Year</b>	<u>1,505,999</u>	<u>4,950,903</u>	<u>6,456,902</u>
<b>Fund Balances End of Year</b>	<u>\$ 1,472,034</u>	<u>\$ 1,713,048</u>	<u>\$ 3,185,082</u>

**CITY OF HEATH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2022**

	State Highway	County \$5 Permissive License Tax	Swimming Pool	Municipal Motor Vehicle License Tax
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 370,753	\$ 5,262	\$ 108,069	\$ 444,175
Receivables:				
Taxes	0	0	0	0
Intergovernmental	25,367	0	0	81,251
Inventory of Supplies, at Cost	0	0	8,619	0
Prepaid Items	0	0	900	0
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	111,666	0	0
<b>Total Assets</b>	<u>\$ 396,120</u>	<u>\$ 116,928</u>	<u>\$ 117,588</u>	<u>\$ 525,426</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 1,388	\$ 0	\$ 2,733	\$ 16,420
Accrued Wages and Benefits Payable	0	0	0	0
<b>Total Liabilities</b>	<u>1,388</u>	<u>0</u>	<u>2,733</u>	<u>16,420</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	16,911	111,666	0	50,692
Property Tax Levy for Next Fiscal Year	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<u>16,911</u>	<u>111,666</u>	<u>0</u>	<u>50,692</u>
<b>Fund Balances:</b>				
Nonspendable	0	0	9,519	0
Restricted	377,821	5,262	0	458,314
Committed	0	0	105,336	0
<b>Total Fund Balances</b>	<u>377,821</u>	<u>5,262</u>	<u>114,855</u>	<u>458,314</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 396,120</u>	<u>\$ 116,928</u>	<u>\$ 117,588</u>	<u>\$ 525,426</u>

**CITY OF HEATH, OHIO**

<u>Fire Pension</u>	<u>Police Pension</u>	<u>Law Enforcement Trust</u>	<u>Police Professional Training</u>	<u>Opioid Settlement</u>	<u>Enforcement and Education</u>
\$ 45,351	\$ 40,347	\$ 190,323	\$ 788	\$ 3,716	\$ 11,601
104,395	101,463	0	0	0	0
4,234	4,234	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 153,980</u>	<u>\$ 146,044</u>	<u>\$ 190,323</u>	<u>\$ 788</u>	<u>\$ 3,716</u>	<u>\$ 11,601</u>
\$ 0	\$ 0	\$ 3,694	\$ 0	\$ 0	\$ 0
41,921	27,915	0	0	0	0
<u>41,921</u>	<u>27,915</u>	<u>3,694</u>	<u>0</u>	<u>0</u>	<u>0</u>
5,109	5,109	0	0	0	0
103,520	100,588	0	0	0	0
<u>108,629</u>	<u>105,697</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
3,430	12,432	186,629	788	3,716	11,601
0	0	0	0	0	0
<u>3,430</u>	<u>12,432</u>	<u>186,629</u>	<u>788</u>	<u>3,716</u>	<u>11,601</u>
<u>\$ 153,980</u>	<u>\$ 146,044</u>	<u>\$ 190,323</u>	<u>\$ 788</u>	<u>\$ 3,716</u>	<u>\$ 11,601</u>

(Continued)

**CITY OF HEATH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2022**

	D.A.R.E.	Central Parkway	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 365	\$ 165,573	\$ 131,248	\$ 1,517,571
Receivables:				
Taxes	0	0	0	205,858
Intergovernmental	0	0	0	115,086
Inventory of Supplies, at Cost	0	0	0	8,619
Prepaid Items	0	0	0	900
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	0	111,666
<b>Total Assets</b>	<u>\$ 365</u>	<u>\$ 165,573</u>	<u>\$ 131,248</u>	<u>\$ 1,959,700</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 24,235
Accrued Wages and Benefits Payable	0	0	0	69,836
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>94,071</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	0	0	0	189,487
Property Tax Levy for Next Fiscal Year	0	0	0	204,108
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>393,595</u>
<b>Fund Balances:</b>				
Nonspendable	0	0	0	9,519
Restricted	365	165,573	131,248	1,357,179
Committed	0	0	0	105,336
<b>Total Fund Balances</b>	<u>365</u>	<u>165,573</u>	<u>131,248</u>	<u>1,472,034</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 365</u>	<u>\$ 165,573</u>	<u>\$ 131,248</u>	<u>\$ 1,959,700</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, 2022**

	State Highway	County \$5 Permissive License Tax	Swimming Pool	Municipal Motor Vehicle License Tax
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	54,913	0	0	175,925
Charges for Services	0	0	232,550	0
Investment Earnings	2,072	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	5,349	0
<b>Total Revenue</b>	<u>56,985</u>	<u>0</u>	<u>237,899</u>	<u>175,925</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	386,507	0
Transportation	32,956	33,092	0	184,498
Debt Service:				
Principal Retirement	0	0	135,000	0
Interest and Fiscal Charges	0	0	4,894	0
<b>Total Expenditures</b>	<u>32,956</u>	<u>33,092</u>	<u>526,401</u>	<u>184,498</u>
Excess (Deficiency) of Revenues Over Expenditures	24,029	(33,092)	(288,502)	(8,573)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	350,000	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>350,000</u>	<u>0</u>
Net Change in Fund Balance	24,029	(33,092)	61,498	(8,573)
<b>Fund Balances at Beginning of Year</b>	<u>353,792</u>	<u>38,354</u>	<u>53,357</u>	<u>466,887</u>
<b>Fund Balances End of Year</b>	<u>\$ 377,821</u>	<u>\$ 5,262</u>	<u>\$ 114,855</u>	<u>\$ 458,314</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, 2022**

	Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training
<b>Revenues:</b>				
Taxes	\$ 93,046	\$ 93,046	\$ 0	\$ 0
Intergovernmental Revenues	8,467	8,467	0	0
Charges for Services	0	0	8,820	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	82,844	0
All Other Revenue	0	0	13,352	0
<b>Total Revenue</b>	<u>101,513</u>	<u>101,513</u>	<u>105,016</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	367,517	282,647	49,986	0
Leisure Time Activities	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<u>367,517</u>	<u>282,647</u>	<u>49,986</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(266,004)	(181,134)	55,030	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	205,000	183,000	7,665	0
<b>Total Other Financing Sources (Uses)</b>	<u>205,000</u>	<u>183,000</u>	<u>7,665</u>	<u>0</u>
Net Change in Fund Balance	(61,004)	1,866	62,695	0
<b>Fund Balances at Beginning of Year</b>	<u>64,434</u>	<u>10,566</u>	<u>123,934</u>	<u>788</u>
<b>Fund Balances End of Year</b>	<u>\$ 3,430</u>	<u>\$ 12,432</u>	<u>\$ 186,629</u>	<u>\$ 788</u>

**CITY OF HEATH, OHIO**

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Opioid Settlement	Enforcement and Education	D.A.R.E.	Central Parkway	Conn Memorial Trust	Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 186,092
3,716	0	0	0	0	251,488
0	0	0	0	3,080	244,450
0	0	0	1,964	2,967	7,003
0	220	0	0	0	83,064
0	0	0	0	0	18,701
<u>3,716</u>	<u>220</u>	<u>0</u>	<u>1,964</u>	<u>6,047</u>	<u>790,798</u>
0	0	0	0	0	700,150
0	0	0	0	0	386,507
0	0	0	63,331	0	313,877
0	0	0	30,000	0	165,000
0	0	0	0	0	4,894
<u>0</u>	<u>0</u>	<u>0</u>	<u>93,331</u>	<u>0</u>	<u>1,570,428</u>
3,716	220	0	(91,367)	6,047	(779,630)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>745,665</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>745,665</u>
3,716	220	0	(91,367)	6,047	(33,965)
0	11,381	365	256,940	125,201	1,505,999
<u>\$ 3,716</u>	<u>\$ 11,601</u>	<u>\$ 365</u>	<u>\$ 165,573</u>	<u>\$ 131,248</u>	<u>\$ 1,472,034</u>



**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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 8,677,681	\$ 10,008,860	\$ 11,145,221	\$ 1,136,361
Intergovernmental Revenues	232,856	393,919	441,664	47,745
Charges for Services	489,575	627,893	672,803	44,910
Licenses and Permits	92,200	120,532	156,441	35,909
Investment Earnings	100,000	175,299	211,413	36,114
Fines and Forfeitures	12,200	7,834	7,966	132
All Other Revenues	91,800	160,600	169,748	9,148
Total Revenues	9,696,312	11,494,937	12,805,256	1,310,319
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	2,256,625	2,256,625	2,246,125	10,500
Materials and Supplies	132,316	161,316	159,971	1,345
Contractual Services	222,792	249,004	221,783	27,221
Capital Outlay	14,525	14,525	9,381	5,144
Total Police	2,626,258	2,681,470	2,637,260	44,210
Communications:				
Personal Services	832,088	832,088	815,694	16,394
Materials and Supplies	5,000	5,000	4,958	42
Contractual Services	53,400	53,400	52,375	1,025
Total Communications	890,488	890,488	873,027	17,461
Fire:				
Personal Services	2,386,894	2,445,628	2,440,165	5,463
Materials and Supplies	140,290	154,434	152,905	1,529
Contractual Services	290,751	422,533	382,431	40,102
Capital Outlay	5,000	28,168	26,349	1,819
Total Fire	2,822,935	3,050,763	3,001,850	48,913
Street Lighting:				
Contractual Services	105,000	105,000	105,000	0
Total Street Lighting	105,000	105,000	105,000	0
Total Security of Persons and Property	6,444,681	6,727,721	6,617,137	110,584

(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, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Health Department:				
Contractual Services	59,108	59,108	59,108	0
Total Public Health and Welfare Services	59,108	59,108	59,108	0
Leisure Time Activities:				
Parks:				
Personal Services	403,880	403,880	343,580	60,300
Materials and Supplies	71,867	71,867	35,253	36,614
Contractual Services	320,783	320,782	216,478	104,304
Other Expenditures	500	500	300	200
Capital Outlay	25,862	25,862	6,500	19,362
Total Leisure Time Activities	822,892	822,891	602,111	220,780
Community Environment:				
Planning and Zoning:				
Personal Services	197,339	197,339	167,053	30,286
Materials and Supplies	9,832	9,832	5,591	4,241
Contractual Services	337,630	337,630	291,914	45,716
Other Expenditures	3,000	3,000	1,800	1,200
Total Community Environment	547,801	547,801	466,358	81,443
General Government:				
Mayor:				
Personal Services	127,709	134,661	134,661	0
Materials and Supplies	1,200	1,200	26	1,174
Contractual Services	28,201	36,201	36,013	188
Total Mayor	157,110	172,062	170,700	1,362
City Council:				
Personal Services	48,000	55,286	55,286	0
Materials and Supplies	300	300	300	0
Contractual Services	625	625	265	360
Total City Council	48,925	56,211	55,851	360
Law Director:				
Personal Services	77,609	80,485	80,485	0
Contractual Services	119,484	202,464	202,464	0
Total Law Director	197,093	282,949	282,949	0

(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, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Clerk of Council:</b>				
Personal Services	56,500	58,510	58,510	0
Materials and Supplies	2,000	2,000	898	1,102
Contractual Services	750	750	0	750
Capital Outlay	2,000	2,000	0	2,000
Total Clerk of Council	61,250	63,260	59,408	3,852
<b>Auditor:</b>				
Personal Services	60,000	62,308	62,308	0
Materials and Supplies	800	800	0	800
Contractual Services	1,195	1,195	240	955
Total Auditor	61,995	64,303	62,548	1,755
<b>General Administrative:</b>				
Personal Services	366,882	366,882	287,358	79,524
Materials and Supplies	9,378	9,378	7,438	1,940
Contractual Services	246,275	246,275	193,947	52,328
Other Expenditures	6,500	6,500	2,360	4,140
Total General Administrative	629,035	629,035	491,103	137,932
<b>Court Fees:</b>				
Contractual Services	500	500	37	463
Total Court Fees	500	500	37	463
<b>Civil Service:</b>				
Materials and Supplies	200	200	100	100
Contractual Services	12,200	12,200	7,650	4,550
Total Civil Service	12,400	12,400	7,750	4,650
<b>Safety/Service:</b>				
Personal Services	44,715	44,714	44,138	576
Materials and Supplies	14,553	12,637	9,163	3,474
Contractual Services	115,974	115,974	78,817	37,157
Capital Outlay	16,700	16,700	2,200	14,500
Total Safety/Service	191,942	190,025	134,318	55,707

(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, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Income Tax:				
Personal Services	342,889	342,889	334,077	8,812
Materials and Supplies	4,200	4,200	1,503	2,697
Contractual Services	35,775	35,775	30,222	5,553
Capital Outlay	8,000	8,000	0	8,000
Total Income Tax	<u>390,864</u>	<u>390,864</u>	<u>365,802</u>	<u>25,062</u>
Total General Government	<u>1,751,114</u>	<u>1,861,609</u>	<u>1,630,466</u>	<u>231,143</u>
Total Expenditures	<u>9,625,596</u>	<u>10,019,130</u>	<u>9,375,180</u>	<u>643,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,716	1,475,807	3,430,076	1,954,269
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(983,000)</u>	<u>(3,699,065)</u>	<u>(3,699,065)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(983,000)</u>	<u>(3,699,065)</u>	<u>(3,699,065)</u>	<u>0</u>
Net Change in Fund Balance	(912,284)	(2,223,258)	(268,989)	1,954,269
Fund Balance at Beginning of Year	6,947,092	6,947,092	6,947,092	0
Prior Year Encumbrances	149,859	149,859	149,859	0
Fund Balance at End of Year	<u>\$ 6,184,667</u>	<u>\$ 4,873,693</u>	<u>\$ 6,827,962</u>	<u>\$ 1,954,269</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund – Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2022***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 700,248	\$ 676,859	\$ (23,389)
All Other Revenues	0	38,035	38,035
Total Revenues	<u>700,248</u>	<u>714,894</u>	<u>14,646</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Personal Services	821,925	688,302	133,623
Materials and Supplies	234,939	183,160	51,779
Contractual Services	421,761	361,677	60,084
Capital Outlay	219,202	181,006	38,196
Total Expenditures	<u>1,697,827</u>	<u>1,414,145</u>	<u>283,682</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(997,579)	(699,251)	298,328
<b>Other Financing Sources (Uses):</b>			
Transfers In	595,000	2,783,255	2,188,255
Total Other Financing Sources (Uses)	<u>595,000</u>	<u>2,783,255</u>	<u>2,188,255</u>
Net Change in Fund Balance	(402,579)	2,084,004	2,486,583
Fund Balance at Beginning of Year	381,391	381,391	0
Prior Year Encumbrances	11,846	11,846	0
Fund Balance at End of Year	<u>\$ (9,342)</u>	<u>\$ 2,477,241</u>	<u>\$ 2,486,583</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 814,215	\$ 828,424	\$ 833,308	\$ 4,884
Intergovernmental Revenues	55,942	52,940	51,357	(1,583)
Investment Earnings	0	0	1,825	1,825
All Other Revenues	4,000	4,000	284	(3,716)
Total Revenues	<u>874,157</u>	<u>885,364</u>	<u>886,774</u>	<u>1,410</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Fire:				
Personal Services	435,856	435,856	339,228	96,628
Materials and Supplies	25,000	25,000	25,000	0
Contractual Services	30,850	30,850	25,350	5,500
Capital Outlay	106,561	106,561	103,724	2,837
Total Expenditures	<u>598,267</u>	<u>598,267</u>	<u>493,302</u>	<u>104,965</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	275,890	287,097	393,472	106,375
Fund Balance at Beginning of Year	667,908	667,908	667,908	0
Prior Year Encumbrances	12,561	12,561	12,561	0
Fund Balance at End of Year	<u>\$ 956,359</u>	<u>\$ 967,566</u>	<u>\$ 1,073,941</u>	<u>\$ 106,375</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, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 577,669	\$ 577,669	\$ 0
Total Revenues	<u>0</u>	<u>577,669</u>	<u>577,669</u>	<u>0</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	577,669	577,669	0
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(351,000)</u>	<u>(351,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(351,000)</u>	<u>(351,000)</u>	<u>0</u>
Net Change in Fund Balance	0	226,669	226,669	0
Fund Balance at Beginning of Year	573,093	573,093	573,093	0
Fund Balance at End of Year	<u>\$ 573,093</u>	<u>\$ 799,762</u>	<u>\$ 799,762</u>	<u>\$ 0</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, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 736,206	\$ 802,629	\$ 66,423
Total Revenues	<u>736,206</u>	<u>802,629</u>	<u>66,423</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Capital Outlay	204,969	182,273	22,696
Total Security of Persons and Property	<u>204,969</u>	<u>182,273</u>	<u>22,696</u>
Leisure Time Activities:			
Parks:			
Capital Outlay	40,941	39,999	942
Total Parks	<u>40,941</u>	<u>39,999</u>	<u>942</u>
Swimming Pool:			
Contractual Services	276,124	276,124	0
Total Swimming Pool	<u>276,124</u>	<u>276,124</u>	<u>0</u>
Total Leisure Time Activities	<u>317,065</u>	<u>316,123</u>	<u>942</u>
Community Environment:			
Planning and Zoning:			
Capital Outlay	60,000	60,000	0
Total Planning and Zoning	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Utilities:			
Capital Outlay	1,152,513	1,086,769	65,744
Total Utilities	<u>1,152,513</u>	<u>1,086,769</u>	<u>65,744</u>
Total Community Environment	<u>1,212,513</u>	<u>1,146,769</u>	<u>65,744</u>
Transportation:			
Streets Department:			
Contractual Services	24,702	18,702	6,000
Capital Outlay	2,451,248	2,273,836	177,412
Total Transportation	<u>2,475,950</u>	<u>2,292,538</u>	<u>183,412</u>
General Government:			
General Administrative:			
Contractual Services	2,500	0	2,500
Capital Outlay	76,996	58,247	18,749
Total General Administrative	<u>79,496</u>	<u>58,247</u>	<u>21,249</u>

(Continued)

**CITY OF HEATH, OHIO**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Safety/Service:			
Capital Outlay	67,239	67,239	0
Total Safety/Service	67,239	67,239	0
Total General Government	146,735	125,486	21,249
Total Expenditures	4,378,232	4,084,189	294,043
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,642,026)	(3,281,560)	360,466
<b>Other Financing Sources (Uses):</b>			
Transfers In	2,000,000	2,000,000	0
Total Other Financing Sources (Uses)	2,000,000	2,000,000	0
Net Change in Fund Balance	(1,642,026)	(1,281,560)	360,466
Fund Balance at Beginning of Year	1,021,637	1,021,637	0
Prior Year Encumbrances	1,776,427	1,776,427	0
Fund Balance at End of Year	<u>\$ 1,156,038</u>	<u>\$ 1,516,504</u>	<u>\$ 360,466</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 53,000	\$ 54,880	\$ 1,880
Investment Earnings	300	2,072	1,772
Total Revenues	<u>53,300</u>	<u>56,952</u>	<u>3,652</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Materials and Supplies	51,500	0	51,500
Contractual Services	<u>67,000</u>	<u>32,066</u>	<u>34,934</u>
Total Expenditures	<u>118,500</u>	<u>32,066</u>	<u>86,434</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,200)	24,886	90,086
Fund Balance at Beginning of Year	<u>345,867</u>	<u>345,867</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 280,667</u>	<u>\$ 370,753</u>	<u>\$ 90,086</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022***

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Total Revenues	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Capital Outlay	<u>      33,092</u>	<u>      33,092</u>	<u>          0</u>
Total Expenditures	<u>      33,092</u>	<u>      33,092</u>	<u>          0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>      (33,092)</u>	<u>      (33,092)</u>	<u>          0</u>
Fund Balance at Beginning of Year	<u>      38,354</u>	<u>      38,354</u>	<u>          0</u>
Fund Balance at End of Year	<u><u>      \$   5,262</u></u>	<u><u>      \$   5,262</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, 2022***

<b>SWIMMING POOL FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 234,841	\$ 232,550	\$ (2,291)
All Other Revenues	3,500	5,349	1,849
Total Revenues	<u>238,341</u>	<u>237,899</u>	<u>(442)</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	192,410	192,410	0
Materials and Supplies	73,814	73,814	0
Contractual Services	109,433	109,433	0
Capital Outlay	8,431	8,431	0
Total Leisure Time Activities	<u>384,088</u>	<u>384,088</u>	<u>0</u>
Debt Service:			
Principal Retirement	135,000	135,000	0
Interest and Fiscal Charges	4,894	4,894	0
Total Expenditures	<u>523,982</u>	<u>523,982</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(285,641)	(286,083)	(442)
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	350,000	350,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>350,000</u>	<u>350,000</u>
Net Change in Fund Balance	(285,641)	63,917	349,558
Fund Balance at Beginning of Year	44,152	44,152	0
Fund Balance at End of Year	<u>\$ (241,489)</u>	<u>\$ 108,069</u>	<u>\$ 349,558</u>

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 157,000	\$ 170,316	\$ 13,316
Total Revenues	<u>157,000</u>	<u>170,316</u>	<u>13,316</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Capital Outlay	184,498	184,498	0
Total Expenditures	<u>184,498</u>	<u>184,498</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,498)	(14,182)	13,316
Fund Balance at Beginning of Year	441,937	441,937	0
Fund Balance at End of Year	<u>\$ 414,439</u>	<u>\$ 427,755</u>	<u>\$ 13,316</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, 2022**

<b>FIRE PENSION FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 93,046	\$ 93,046	\$ 0
Intergovernmental Revenues	8,364	8,467	103
Total Revenues	<u>101,410</u>	<u>101,513</u>	<u>103</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Fire:			
Personal Services	382,474	352,207	30,267
Contractual Services	2,000	1,387	613
Total Expenditures	<u>384,474</u>	<u>353,594</u>	<u>30,880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(283,064)	(252,081)	30,983
<b>Other Financing Sources (Uses):</b>			
Transfers In	205,000	205,000	0
Total Other Financing Sources (Uses)	<u>205,000</u>	<u>205,000</u>	<u>0</u>
Net Change in Fund Balance	(78,064)	(47,081)	30,983
Fund Balance at Beginning of Year	92,432	92,432	0
Fund Balance at End of Year	<u>\$ 14,368</u>	<u>\$ 45,351</u>	<u>\$ 30,983</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, 2022**

<b>POLICE PENSION FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 93,046	\$ 93,046	\$ 0
Intergovernmental Revenues	8,364	8,467	103
Total Revenues	<u>101,410</u>	<u>101,513</u>	<u>103</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Personal Services	322,864	281,086	41,778
Contractual Services	2,000	1,387	613
Total Expenditures	<u>324,864</u>	<u>282,473</u>	<u>42,391</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(223,454)	(180,960)	42,494
<b>Other Financing Sources (Uses):</b>			
Transfers In	183,000	183,000	0
Total Other Financing Sources (Uses)	<u>183,000</u>	<u>183,000</u>	<u>0</u>
Net Change in Fund Balance	(40,454)	2,040	42,494
Fund Balance at Beginning of Year	38,307	38,307	0
Fund Balance at End of Year	<u>\$ (2,147)</u>	<u>\$ 40,347</u>	<u>\$ 42,494</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, 2022***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>LAW ENFORCEMENT TRUST FUND</b>			
<b>Revenues:</b>			
Charges for Services	\$ 5,000	\$ 8,820	\$ 3,820
Fines and Forfeitures	84,778	82,844	(1,934)
All Other Revenues	11,602	13,352	1,750
Total Revenues	<u>101,380</u>	<u>105,016</u>	<u>3,636</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Materials and Supplies	5,000	5,000	0
Contractual Services	48,265	32,000	16,265
Capital Outlay	30,283	28,935	1,348
Total Expenditures	<u>83,548</u>	<u>65,935</u>	<u>17,613</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,832	39,081	21,249
<b>Other Financing Sources (Uses):</b>			
Transfers In	7,665	7,665	0
Total Other Financing Sources (Uses)	<u>7,665</u>	<u>7,665</u>	<u>0</u>
Net Change in Fund Balance	25,497	46,746	21,249
Fund Balance at Beginning of Year	88,651	88,651	0
Prior Year Encumbrances	35,283	35,283	0
Fund Balance at End of Year	<u>\$ 149,431</u>	<u>\$ 170,680</u>	<u>\$ 21,249</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022***

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**POLICE PROFESSIONAL TRAINING FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>788</u>	<u>788</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 788</u>	<u>\$ 788</u>	<u>\$ 0</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022***

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**OPIOID SETTLEMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 3,716	\$ 3,716	\$ 0
Total Revenues	<u>3,716</u>	<u>3,716</u>	<u>0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,716	3,716	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,716</u>	<u>\$ 3,716</u>	<u>\$ 0</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022***

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**ENFORCEMENT AND EDUCATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	<u>\$ 0</u>	<u>\$ 220</u>	<u>\$ 220</u>
Total Revenues	<u>0</u>	<u>220</u>	<u>220</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	0	220	220
Fund Balance at Beginning of Year	<u>11,381</u>	<u>11,381</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,381</u>	<u>\$ 11,601</u>	<u>\$ 220</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022***

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

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022***

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**LOCAL CORONAVIRUS RELIEF FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
General Government:			
General Administrative:			
Contractual Services	<u>3,882</u>	<u>2,808</u>	<u>1,074</u>
Total Expenditures	<u>3,882</u>	<u>2,808</u>	<u>1,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,882)	(2,808)	1,074
Fund Balance at Beginning of Year	1,733	1,733	0
Prior Year Encumbrances	<u>1,075</u>	<u>1,075</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (1,074)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,074</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, 2022***

<b>CENTRAL PARKWAY FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 1,652	\$ 1,964	\$ 312
Total Revenues	<u>1,652</u>	<u>1,964</u>	<u>312</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Contractual Services	96,892	96,892	0
Total Transportation	<u>96,892</u>	<u>96,892</u>	<u>0</u>
Debt Service:			
Principal Retirement	30,000	30,000	0
Interest and Fiscal Charges	160,500	0	160,500
Total Expenditures	<u>287,392</u>	<u>126,892</u>	<u>160,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(285,740)	(124,928)	160,812
Fund Balance at Beginning of Year	160,048	160,048	0
Prior Year Encumbrances	96,892	96,892	0
Fund Balance at End of Year	<u>\$ (28,800)</u>	<u>\$ 132,012</u>	<u>\$ 160,812</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 3,000	\$ 3,080	\$ 80
Investment Earnings	320	2,967	2,647
Total Revenues	<u>3,320</u>	<u>6,047</u>	<u>2,727</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,320	6,047	2,727
Fund Balance at Beginning of Year	<u>125,201</u>	<u>125,201</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 128,521</u>	<u>\$ 131,248</u>	<u>\$ 2,727</u>



**CITY OF HEATH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Fund  
For the Year Ended December 31, 2022***

**GENERAL OBLIGATION DEBT SERVICE FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 594,628	\$ 648,277	\$ 53,649
Total Revenues	<u>594,628</u>	<u>648,277</u>	<u>53,649</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	176,207	176,207	0
Interest and Fiscal Charges	<u>8,500</u>	<u>8,400</u>	<u>100</u>
Total Expenditures	<u>184,707</u>	<u>184,607</u>	<u>100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	409,921	463,670	53,749
<b>Other Financing Sources (Uses):</b>			
Transfers Out	<u>(2,839,696)</u>	<u>(3,699,696)</u>	<u>(860,000)</u>
Total Other Financing Sources (Uses)	<u>(2,839,696)</u>	<u>(3,699,696)</u>	<u>(860,000)</u>
Net Change in Fund Balance	(2,429,775)	(3,236,026)	(806,251)
Fund Balance at Beginning of Year	<u>4,885,955</u>	<u>4,885,955</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,456,180</u>	<u>\$ 1,649,929</u>	<u>\$ (806,251)</u>

*STATISTICAL SECTION*

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## *STATISTICAL TABLES*

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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*

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
<b>Debt Capacity</b>	S 18 – S 25
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 30 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

**Sources Note:**

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

## *City of Heath, Ohio*

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

	2013	2014	2015
<b>Governmental Activities:</b>		*	
Net Investment in Capital Assets	\$32,791,239	\$32,879,970	\$32,583,035
Restricted	3,130,915	3,667,955	3,096,603
Unrestricted (Deficit)	3,258,587	(4,790,644)	(4,539,258)
Total Governmental Activities Net Position	<u>\$39,180,741</u>	<u>\$31,757,281</u>	<u>\$31,140,380</u>
<b>Business-type Activities:</b>		*	
Net Investment in Capital Assets	\$13,374,041	\$14,265,581	\$14,247,988
Unrestricted	5,326,656	4,028,883	4,802,704
Total Business-type Activities Net Position	<u>\$18,700,697</u>	<u>\$18,294,464</u>	<u>\$19,050,692</u>
<b>Primary Government:</b>			
Net Investment in Capital Assets	\$46,165,280	\$47,145,551	\$46,831,023
Restricted	3,130,915	3,667,955	3,096,603
Unrestricted (Deficit)	8,585,243	(761,761)	263,446
Total Primary Government Net Position	<u>\$57,881,438</u>	<u>\$50,051,745</u>	<u>\$50,191,072</u>

Source: City Auditor's Office

\* 2014 & 2017 Net Position was restated for the implementation of GASBs 68 & 75, respectively.

*City of Heath, Ohio*

2016	2017	2018	2019	2020	2021	2022
	*					
\$32,767,862	\$33,319,642	\$37,542,871	\$38,284,771	\$39,953,094	\$39,478,770	\$34,078,471
3,397,635	1,847,160	2,177,417	2,825,835	2,581,575	7,849,731	7,072,720
(4,690,517)	(11,653,068)	(11,168,308)	(4,914,041)	(4,482,277)	(5,618,094)	(513,860)
<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>	<u>\$40,637,331</u>
	*					
\$14,895,733	\$14,798,264	\$15,111,321	\$15,070,829	\$15,299,429	\$15,496,591	\$15,064,970
4,628,954	4,232,402	4,615,269	4,964,086	4,468,105	6,108,162	9,238,928
<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>	<u>\$24,303,898</u>
\$47,663,595	\$48,117,906	\$52,654,192	\$53,355,600	\$55,252,523	\$54,975,361	\$49,143,441
3,397,635	1,847,160	2,177,417	2,825,835	2,581,575	7,849,731	7,072,720
(61,563)	(7,420,666)	(6,553,039)	50,045	(14,172)	490,068	8,725,068
<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>	<u>\$64,941,229</u>

**City of Heath, Ohio**

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

	2013	2014	2015	2016
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$5,038,710	\$5,361,303	\$5,380,059	\$6,172,133
Public Health and Welfare Services	55,970	55,970	55,970	57,369
Leisure Time Activities	1,311,818	1,387,265	1,220,510	1,308,192
Community Environment	100,943	270,574	257,150	309,048
Basic Utility Services	0	0	0	0
Transportation	1,709,162	1,267,738	1,863,500	995,838
General Government	1,397,774	1,453,988	1,385,688	1,324,285
Interest and Fiscal Charges	189,630	84,363	81,723	81,127
<i>Total Governmental Activities Expenses</i>	<u>9,804,007</u>	<u>9,881,201</u>	<u>10,244,600</u>	<u>10,247,992</u>
Business-type Activities:				
Water	1,757,595	1,867,677	1,878,912	1,986,115
Sewer	2,401,452	2,038,089	2,060,955	1,991,200
<i>Total Business-type Activities Expenses</i>	<u>4,159,047</u>	<u>3,905,766</u>	<u>3,939,867</u>	<u>3,977,315</u>
<i>Total Primary Government Expenses</i>	<u>\$13,963,054</u>	<u>\$13,786,967</u>	<u>\$14,184,467</u>	<u>\$14,225,307</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Sales				
Security of Persons and Property	\$476,054	\$487,374	\$493,602	\$526,680
Leisure Time Activities	464,282	425,487	452,803	524,963
Community Environment	15,265	18,085	28,809	66,265
Transportation	131,883	9,929	23,254	9,285
General Government	11,400	11,800	21,269	12,988
Operating Grants and Contributions	661,798	661,083	695,090	686,525
Capital Grants and Contributions	1,263,959	400,859	8,992	235,239
<i>Total Governmental Activities Program Revenues</i>	<u>3,024,641</u>	<u>2,014,617</u>	<u>1,723,819</u>	<u>2,061,945</u>

*City of Heath, Ohio*

2017	2018	2019	2020	2021	2022
\$6,322,655	\$6,495,829	\$1,773,820	\$6,740,798	\$6,715,060	\$7,748,063
57,369	57,369	57,943	58,522	58,522	118,807
1,434,646	1,376,776	1,650,984	987,154	994,823	1,234,154
305,964	269,307	358,163	389,513	240,003	346,997
0	0	0	1,273	314,745	1,170,242
1,115,075	939,862	1,674,486	2,220,098	2,679,356	3,102,037
1,736,746	1,603,512	1,757,402	2,165,634	1,303,454	1,529,725
79,992	70,857	54,271	38,653	535,064	12,461
<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>	<u>15,262,486</u>
2,282,184	2,215,502	2,296,946	2,434,601	1,739,412	2,742,437
2,110,841	2,074,353	2,098,157	2,417,446	1,539,046	2,381,662
<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>5,124,099</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>	<u>\$20,386,585</u>
\$559,504	\$598,569	\$627,841	\$598,446	\$612,322	\$751,087
509,725	536,648	607,571	16,217	349,410	257,109
39,566	33,682	89,266	90,144	204,138	71,809
2,704	14,046	19,000	90,352	22,448	38,035
11,923	15,669	22,480	17,181	16,240	18,615
736,615	762,026	1,043,159	1,660,100	1,076,535	991,379
323,000	3,043,724	427,610	226,739	372,422	0
<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>	<u>2,128,034</u>

(continued)



**City of Heath, Ohio**

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

	2013	2014	2015	2016
<b>Business-type Activities:</b>				
<b>Charges for Services and Sales</b>				
Water	1,999,935	2,245,921	2,488,561	2,292,134
Sewer	1,959,494	1,947,153	2,193,124	2,148,903
Capital Grants and Contributions	439,066	8,962	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>4,398,495</u>	<u>4,202,036</u>	<u>4,681,685</u>	<u>4,441,037</u>
<i>Total Primary Government Program Revenues</i>	<u>7,423,136</u>	<u>6,216,653</u>	<u>6,405,504</u>	<u>6,502,982</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(6,779,366)	(7,866,584)	(8,520,781)	(8,186,047)
Business-type Activities	239,448	296,270	741,818	463,722
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$6,539,918)</u>	<u>(\$7,570,314)</u>	<u>(\$7,778,963)</u>	<u>(\$7,722,325)</u>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
Property Taxes	\$1,122,287	\$1,183,320	\$1,173,389	\$1,429,374
Municipal Income Taxes	5,952,155	5,716,808	6,023,648	6,438,248
Other Local Taxes	8,823	5,647	1,684	22,162
Intergovernmental Revenue, Unrestricted	680,850	595,813	447,701	410,657
Investment Earnings	16,848	65,477	137,416	140,161
Miscellaneous	137,499	106,763	120,042	80,045
Transfers	0	0	0	0
<i>Total Governmental Activities</i>	<u>7,918,462</u>	<u>7,673,828</u>	<u>7,903,880</u>	<u>8,520,647</u>
<b>Business-type Activities:</b>				
Investment Earnings	1,865	8,142	14,410	10,273
Transfers	0	0	0	0
<i>Total Business-type Activities</i>	<u>1,865</u>	<u>8,142</u>	<u>14,410</u>	<u>10,273</u>
<i>Total Primary Government</i>	<u>\$7,920,327</u>	<u>\$7,681,970</u>	<u>\$7,918,290</u>	<u>\$8,530,920</u>
<b>Change in Net Position</b>				
Governmental Activities	\$1,139,096	(\$192,756)	(\$616,901)	\$334,600
Business-type Activities	241,313	304,412	756,228	473,995
<i>Total Primary Government Change in Net Position</i>	<u>\$1,380,409</u>	<u>\$111,656</u>	<u>\$139,327</u>	<u>\$808,595</u>

Source: City Auditor's Office

*City of Heath, Ohio*

2017	2018	2019	2020	2021	2022
2,335,663	2,560,275	2,363,198	2,281,922	2,570,786	2,639,535
2,203,296	2,412,812	2,323,446	2,278,770	2,537,753	2,735,678
0	0	0	12,000	0	566,487
<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>5,941,700</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>	<u>8,069,734</u>
(8,869,410)	(5,809,148)	(4,490,142)	(9,902,466)	(10,187,512)	(13,134,452)
145,934	683,232	291,541	(279,355)	1,830,081	817,601
<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>	<u>(\$12,316,851)</u>
\$1,455,838	\$1,549,423	\$1,594,279	\$1,641,616	\$1,705,281	\$1,723,470
6,012,098	8,553,511	9,435,004	8,936,297	11,436,345	11,913,647
10,386	0	0	0	0	0
411,529	452,055	481,600	419,163	578,673	600,485
96,091	163,323	464,517	367,937	(100,174)	(477,024)
135,219	129,082	159,327	393,280	225,402	170,639
0	0	0	0	0	(1,869,841)
<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>	<u>12,061,376</u>
13,252	12,692	16,784	11,974	7,138	11,703
0	0	0	0	0	1,869,841
<u>13,252</u>	<u>12,692</u>	<u>16,784</u>	<u>11,974</u>	<u>7,138</u>	<u>1,881,544</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>	<u>\$13,942,920</u>
(\$748,249)	\$5,038,246	\$7,644,585	\$1,855,827	\$3,658,015	(\$1,073,076)
159,186	695,924	308,325	(267,381)	1,837,219	2,699,145
<u>(\$589,063)</u>	<u>\$5,734,170</u>	<u>\$7,952,910</u>	<u>\$1,588,446</u>	<u>\$5,495,234</u>	<u>\$1,626,069</u>

**City of Heath, Ohio**

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

	2013	2014	2015	2016
General Fund				
Nonspendable	\$109,310	\$111,399	\$92,140	\$149,022
Assigned	368,215	400,358	553,846	657,639
Unassigned	3,187,395	2,473,305	2,521,638	2,946,820
<i>Total General Fund</i>	<u>3,664,920</u>	<u>2,985,062</u>	<u>3,167,624</u>	<u>3,753,481</u>
All Other Governmental Funds				
Nonspendable	76,285	110,490	87,499	77,760
Restricted	1,121,720	1,265,681	975,602	1,912,114
Committed	1,845,600	2,133,328	1,928,153	1,710,558
Assigned	0	0	0	0
Unassigned	(13,677)	0	0	(10,230)
<i>Total All Other Governmental Funds</i>	<u>3,029,928</u>	<u>3,509,499</u>	<u>2,991,254</u>	<u>3,690,202</u>
<i>Total Governmental Funds</i>	<u><u>\$6,694,848</u></u>	<u><u>\$6,494,561</u></u>	<u><u>\$6,158,878</u></u>	<u><u>\$7,443,683</u></u>

Source: City Auditor's Office

*City of Heath, Ohio*

2017	2018	2019	2020	2021	2022
\$156,165	\$166,587	\$156,401	\$182,726	\$179,520	\$130,219
681,475	544,515	188,281	1,047,966	888,935	3,081,258
2,615,466	4,099,621	5,151,733	4,554,088	7,221,894	3,847,860
<u>3,453,106</u>	<u>4,810,723</u>	<u>5,496,415</u>	<u>5,784,780</u>	<u>8,290,349</u>	<u>7,059,337</u>
86,709	85,463	91,002	98,645	97,170	71,801
1,647,773	1,865,120	2,450,142	2,154,804	7,479,903	6,667,271
1,535,396	1,652,937	2,675,283	3,107,747	2,116,106	2,937,836
0	0	0	0	741,382	0
(33,228)	0	0	0	0	0
<u>3,236,650</u>	<u>3,603,520</u>	<u>5,216,427</u>	<u>5,361,196</u>	<u>10,434,561</u>	<u>9,676,908</u>
<u>\$6,689,756</u>	<u>\$8,414,243</u>	<u>\$10,712,842</u>	<u>\$11,145,976</u>	<u>\$18,724,910</u>	<u>\$16,736,245</u>

## City of Heath, Ohio

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

	2013	2014	2015	2016
<b>Revenues:</b>				
Taxes	\$7,108,267	\$6,903,383	\$7,202,848	\$7,888,491
Intergovernmental Revenues	2,635,926	1,617,442	1,201,765	1,265,540
Charges for Services	837,316	853,057	861,981	964,331
Licenses and Permits	15,867	17,872	28,924	66,272
Investment Earnings	16,848	65,477	137,416	140,161
Fines and Forfeitures	47,797	42,425	68,319	63,549
All Other Revenue	335,403	146,084	180,555	126,074
<b>Total Revenue</b>	<u>10,997,424</u>	<u>9,645,740</u>	<u>9,681,808</u>	<u>10,514,418</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,984,224	5,232,686	5,792,998	5,334,164
Public Health and Welfare Services	55,970	55,970	55,970	57,369
Leisure Time Activities	1,080,375	1,111,702	1,001,695	1,025,447
Community Environment	272,127	249,678	292,709	282,702
Basic Utility Services	0	0	0	0
Transportation	2,632,997	1,376,248	1,440,761	1,439,671
General Government	1,307,183	1,400,963	1,381,407	1,368,483
Debt Service:				
Principal Retirement	265,049	371,439	382,906	482,667
Interest and Fiscal Charges	190,548	85,509	76,542	80,671
<b>Total Expenditures</b>	<u>10,788,473</u>	<u>9,884,195</u>	<u>10,424,988</u>	<u>10,071,174</u>
Excess (Deficiency) of Revenues Over Expenditures	208,951	(238,455)	(743,180)	443,244

*City of Heath, Ohio*

2017	2018	2019	2020	2021	2022
\$7,510,219	\$10,092,690	\$10,969,614	\$10,571,977	\$13,223,565	\$13,580,676
1,440,276	4,088,411	1,849,601	2,154,242	1,982,077	1,446,391
973,753	1,040,589	1,167,985	547,239	917,948	917,253
92,882	115,362	176,181	184,862	296,852	156,441
96,091	163,323	464,517	367,937	(100,174)	(477,024)
54,448	62,494	56,385	29,059	41,286	90,669
193,114	191,386	210,965	532,432	262,931	227,659
<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>	<u>15,942,065</u>
6,116,970	5,796,579	6,613,062	7,288,286	6,898,134	8,117,326
57,369	57,369	57,943	58,522	58,522	118,807
1,058,451	1,113,746	1,264,602	708,489	1,083,120	1,231,659
266,458	245,842	317,859	383,008	343,778	432,517
0	0	0	1,273	314,745	1,179,985
1,535,393	4,751,693	2,201,218	2,749,228	3,486,441	3,337,484
1,413,827	1,538,505	1,554,234	2,205,410	1,818,612	1,785,070
588,964	651,639	523,444	536,961	460,333	341,207
77,399	67,617	60,187	44,946	536,647	13,294
<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>	<u>16,557,349</u>
(754,048)	1,531,265	2,302,699	411,625	1,624,153	(615,284)

(Continued)

**City of Heath, Ohio**

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

	2013	2014	2015	2016
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Capital Leases Issued	0	0	435,678	117,027
OPWC/Installment Loans Issued	0	0	0	740,000
Bonds Issued	0	0	0	0
Premium on Bonds Issued	0	0	0	0
Transfers In	784,025	1,281,395	785,000	791,368
Transfers Out	(784,025)	(1,281,395)	(785,000)	(791,368)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>435,678</u>	<u>857,027</u>
<b>Net Change in Fund Balance</b>	<u>\$208,951</u>	<u>(\$238,455)</u>	<u>(\$307,502)</u>	<u>\$1,300,271</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 5.16%	 5.04%	 4.76%	 6.30%

Source: City Auditor's Office

*City of Heath, Ohio*

2017	2018	2019	2020	2021	2022
0	0	0	0	506,100	0
0	190,436	0	0	0	0
0	0	0	0	0	496,460
0	0	0	0	5,020,000	0
0	0	0	0	428,681	0
924,111	950,683	2,205,233	2,149,166	3,326,339	5,528,920
(924,111)	(950,683)	(2,205,233)	(2,149,166)	(3,326,339)	(7,398,761)
0	190,436	0	0	5,954,781	(1,373,381)
(\$754,048)	\$1,721,701	\$2,302,699	\$411,625	\$7,578,934	(\$1,988,665)
6.92%	7.71%	5.16%	5.06%	7.27%	2.31%



**City of Heath, Ohio**

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

<b>Tax year</b>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$412,596	\$410,699	\$430,205	\$441,505
Total Tax Collected	\$6,128,745	\$5,942,600	\$6,072,725	\$6,597,206
Income Tax Receipts				
Withholding	4,469,690	4,456,950	4,526,078	4,799,454
Percentage	72.93%	75.00%	74.53%	72.75%
Corporate	1,266,038	1,064,014	1,069,468	1,321,692
Percentage	20.66%	17.90%	17.61%	20.03%
Individuals	393,017	421,636	477,179	476,060
Percentage	6.41%	7.10%	7.86%	7.22%

Source: City Income Tax Department

*City of Heath, Ohio*

2017	2018	2019	2020	2021	2022
1.50%	2.00%	2.00%	2.00%	2.00%	2.00%
\$458,424	\$472,652	\$489,704	\$529,697	\$567,714	\$567,714
\$6,394,316	\$8,587,950	\$9,719,207	\$9,102,968	\$11,375,411	\$12,419,570
4,799,257	6,466,780	7,063,626	7,276,015	8,200,389	9,179,287
75.06%	75.30%	72.68%	79.93%	72.09%	73.91%
1,124,958	1,566,290	1,866,460	1,124,742	2,326,796	2,303,983
17.59%	18.24%	19.20%	12.36%	20.45%	18.55%
470,101	554,880	789,121	702,211	848,226	936,300
7.35%	6.46%	8.12%	7.71%	7.46%	7.54%



# City of Heath, Ohio

## Income Tax Statistics Current Year and Nine Years Ago

### Calendar Year 2022

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.21%	\$178,195,800	28.70%	\$3,563,916	28.70%
All Others	4,749	99.79%	442,782,700	71.30%	8,855,654	71.30%
Total	4,759	100.00%	\$620,978,500	100.00%	\$12,419,570	100.00%

### Calendar Year 2013

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.19%	\$172,387,933	42.19%	\$2,585,819	42.19%
All Others	5,214	99.81%	236,195,067	57.81%	3,542,926	57.81%
Total	5,224	100.00%	\$408,583,000	100.00%	\$6,128,745	100.00%

Source: City Income Tax Department

## City of Heath, Ohio

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

	2013	2014	2015	2016
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$2,985,000	\$2,640,000	\$2,285,000	\$1,925,000
Installment Loan Payable	0	0	0	710,000
OPWC Loans Payable	0	0	0	0
Capital Leases	65,212	38,773	446,545	470,905
<b>Business-type Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	2,970,000	2,570,000	2,160,000	1,735,000
Ohio Water Development Authority Loans	5,650,424	5,360,803	5,052,270	5,363,436
Ohio Public Works Commission Loan	380,566	353,326	335,166	326,086
General Obligation Notes Payable	0	0	0	0
Capital Leases	0	0	460,000	373,175
Total Primary Government	<u>\$12,051,202</u>	<u>\$10,962,902</u>	<u>\$10,738,981</u>	<u>\$10,903,602</u>
<b>Population</b> <sup>(2)</sup>				
City of Heath	10,310	10,310	10,310	10,310
Outstanding Debt Per Capita	\$1,169	\$1,063	\$1,042	\$1,058
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	412,596	410,699	430,205	441,505
Percentage of Personal Income	2.92%	2.67%	2.50%	2.47%

**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*

2017	2018	2019	2020	2021	2022
\$1,560,000	\$1,185,000	\$935,000	\$680,000	\$5,853,938	\$5,529,452
592,610	477,907	360,943	241,670	120,000	90,000
0	0	0	0	0	490,253
364,331	392,831	236,351	73,663	0	0
1,538,492	1,375,245	1,074,583	760,153	437,146	110,473
5,729,538	5,333,868	4,924,946	4,502,319	4,065,517	3,841,649
418,129	527,008	496,986	481,975	451,953	421,931
588,000	0	0	0	0	0
283,814	191,880	97,298	0	0	0
<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>	<u>\$10,483,758</u>
10,310	10,310	10,310	10,310	10,412	10,412
\$1,074	\$920	\$788	\$654	\$1,050	\$1,007
458,424	472,652	489,704	529,697	567,714	567,714
2.42%	2.01%	1.66%	1.27%	1.93%	1.85%

## *City of Heath, Ohio*

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

Year	2013	2014	2015	2016
<b>Population</b> <sup>(1)</sup>	10,310	10,310	10,310	10,310
<b>Assessed Value</b> <sup>(2)</sup>	\$272,878,060	\$271,209,375	\$261,546,140	\$266,502,766
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$5,955,000	\$5,210,000	\$4,445,000	\$3,660,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$0	\$0	\$0	\$0
<b>Net General Bonded Debt</b>	\$5,955,000	\$5,210,000	\$4,445,000	\$3,660,000
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	2.18%	1.92%	1.70%	1.37%
<b>Net Bonded Debt per Capita</b>	\$577.59	\$505.33	\$431.13	\$355.00

**Source:**

- (1) U.S. Bureau of Census of Population
- (2) Licking County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*City of Heath, Ohio*

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2017	2018	2019	2020	2021	2022
10,310	10,310	10,310	10,310	10,412	10,412
\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111	\$335,294,094	\$344,104,315
\$3,098,492	\$2,560,245	\$2,009,583	\$1,440,153	\$6,291,084	\$5,639,925
\$0	\$0	\$0	\$0	\$0	\$0
\$3,098,492	\$2,560,245	\$2,009,583	\$1,440,153	\$6,291,084	\$5,639,925
1.06%	0.86%	0.66%	0.43%	1.88%	1.64%
\$300.53	\$248.33	\$194.92	\$139.69	\$604.21	\$541.68





## *City of Heath, Ohio*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2022*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Heath (1)</u>	<u>Amount Applicable to the City of Heath</u>
<b>Direct:</b>			
City of Heath	\$6,109,705	100.00%	\$6,109,705
<b>Overlapping:</b>			
Heath City School District	5,639,092	96.93%	5,465,972
Licking County	30,083,356	6.14%	1,847,118
		Subtotal	<u>7,313,090</u>
		Total	<u><u>\$13,422,795</u></u>

**Source:** Licking County

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

**City of Heath, Ohio**

*Debt Limitations  
Last Ten Years*

<b>Collection Year</b>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$272,878,060	\$271,209,375	\$261,546,140	\$266,502,766
Legal Debt Limitation (%) <sup>(1)</sup>	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) <sup>(1)</sup>	28,652,196	28,476,984	27,462,345	27,982,790
City Debt Outstanding <sup>(2)</sup>	2,985,000	2,640,000	2,285,000	1,925,000
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>2,985,000</u>	<u>2,640,000</u>	<u>2,285,000</u>	<u>1,925,000</u>
Overall Legal Debt Margin	<u><u>\$25,667,196</u></u>	<u><u>\$25,836,984</u></u>	<u><u>\$25,177,345</u></u>	<u><u>\$26,057,790</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$272,878,060	\$271,209,375	\$261,546,140	\$266,502,766
Legal Debt Limitation (%) <sup>(1)</sup>	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) <sup>(1)</sup>	15,008,293	14,916,516	14,385,038	14,657,652
City Debt Outstanding <sup>(2)</sup>	2,985,000	2,640,000	2,285,000	1,925,000
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>2,985,000</u>	<u>2,640,000</u>	<u>2,285,000</u>	<u>1,925,000</u>
Overall Legal Debt Margin	<u><u>\$12,023,293</u></u>	<u><u>\$12,276,516</u></u>	<u><u>\$12,100,038</u></u>	<u><u>\$12,732,652</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*

2017	2018	2019	2020	2021	2022
\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111	\$335,294,094	\$344,104,315
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
30,599,465	31,362,049	31,822,227	35,021,082	35,205,880	36,130,953
1,560,000	1,185,000	935,000	680,000	5,853,938	5,529,452
0	0	0	0	0	0
1,560,000	1,185,000	935,000	680,000	5,853,938	5,529,452
\$29,039,465	\$30,177,049	\$30,887,227	\$34,341,082	\$29,351,942	\$30,601,501
\$291,423,474	\$298,686,181	\$303,068,832	\$333,534,111	\$335,294,094	\$344,104,315
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
16,028,291	16,427,740	16,668,786	18,344,376	18,441,175	18,925,737
1,560,000	1,185,000	935,000	680,000	5,853,938	5,529,452
0	0	0	0	0	0
1,560,000	1,185,000	935,000	680,000	5,853,938	5,529,452
\$14,468,291	\$15,242,740	\$15,733,786	\$17,664,376	\$12,587,237	\$13,396,285

## City of Heath, Ohio

### Demographic and Economic Statistics Last Ten Years

Calendar Year	2013	2014	2015	2016	2017
<b>Population</b> (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
<b>Income</b> (2) (a)					
Total Personal (in thousands)	412,596	410,699	430,205	441,505	458,424
Per Capita	40,019	39,835	41,727	42,823	44,464
<b>Unemployment Rate</b> (3)					
Federal	7.4%	6.2%	4.4%	4.9%	4.4%
State	7.4%	5.7%	4.9%	4.9%	5.0%
Licking County	6.9%	5.1%	5.3%	4.3%	4.2%
<b>Civilian Work Force Estimates</b> (3)					
State	5,765,700	5,719,500	5,700,300	5,713,100	5,780,000
Licking County	85,800	87,200	83,600	87,900	89,800

#### Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2021 for the presentation of 2022 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

*City of Heath, Ohio*

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2018	2019	2020	2021	2022
10,310	10,310	10,310	10,412	10,412
166,492	166,492	166,492	178,519	178,519
472,652	489,704	529,697	567,714	567,714
45,844	47,498	51,377	54,525	54,525
3.9%	3.7%	8.1%	5.3%	3.6%
4.6%	4.1%	8.1%	5.1%	4.0%
4.0%	3.7%	6.5%	4.1%	3.4%
5,754,900	5,802,300	5,754,300	5,736,900	5,741,300
89,000	90,500	90,700	91,400	92,200



## *City of Heath, Ohio*

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

		2022	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	1,107	1
Kaiser Aluminum & Chemical Co	Manufacturing	244	2
Carvana	Retail Sales	635	3
Ariel Corp	Manufacturing	136	4
Heath Board of Ed	Education	317	5
Englefield Oil	Petroleum Products	209	6
Samuel Son & Co	Manufacturing	264	7
Walmart	Retail Sales	564	8
Marathon Petroleum	Petroleum Products	21	9
JLH Automotive	Retail Sales	233	10
Total		<u>3,730</u>	

		2013	
Employer	Nature of Business	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

	2013	2014	2015	2016
<b>Governmental Activities</b>				
General Government				
Mayor	1.00	1.00	1.00	1.00
Auditor	1.50	1.50	1.50	1.00
Council	7.00	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00	1.00
Legal	1.00	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	5.00	0.50	0.50
Security of Persons and Property				
Police	18.00	18.00	18.00	18.00
Fire	16.00	16.00	16.00	16.00
Communications	8.00	8.00	8.00	7.00
Transportation				
Street	7.50	6.00	6.00	6.00
Leisure Time Activities				
Recreation / Parks	3.75	4.75	4.75	4.75
Water Park	33.50	38.00	38.00	35.75
Community Environment				
Zoning	2.00	2.00	2.00	2.00
<b>Business-Type Activities</b>				
Utilities				
Water	10.00	10.00	9.25	10.00
Sewer	7.75	8.75	8.25	8.75
<i>Total Employees</i>	<u>125.75</u>	<u>135.25</u>	<u>129.50</u>	<u>127.00</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*

2017	2018	2019	2020	2021	2022
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	4.25
4.00	4.00	4.00	4.00	4.00	4.00
0.50	0.50	0.50	0.50	0.50	0.50
17.00	19.00	20.00	20.00	19.00	19.00
16.00	16.00	20.00	21.00	20.00	20.00
8.00	8.00	8.00	8.00	7.00	10.00
6.00	6.50	7.50	7.50	6.50	8.50
4.75	4.25	4.25	4.25	4.25	4.25
36.00	38.00	42.00	0 *	35.25	37.50
2.00	2.00	2.00	2.00	2.00	2.00
10.75	10.75	10.25	9.25	9.25	9.25
8.75	8.75	8.25	8.25	8.25	9.25
128.00	132.00	141.00	99.00	130.25	139.50

## City of Heath, Ohio

### Operating Indicators by Function Last Ten Years

	2013	2014	2015	2016
<b>Governmental Activities</b>				
General Government				
Council				
Members	7	7	7	7
Number of Ordinances passed	100	92	91	61
Number of Resolutions passed	7	7	4	5
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	697	662	1,143	1,189
Number of Arrests	613	658	603	780
Fire				
Number of Calls	2,393	2,420	2,506	2,752
Number of Inspections	390	400	272	78
Transportation				
Street				
Number of Streets Resurfaced	15	2	8	1
Leisure Time Activities				
Recreation / Parks				
Number of Pool/Water Park Memberships Sold	846	757	721	763
Community Environment				
Number of Building Permits	43	60	82	73
Number of Building Inspections	40	45	82	51
Number of Board of Building and Zoning Appeal Cases	8	11	12	12
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	3,700	3,824	3,825	3,825
Daily Average Consumption (thousands of gallons)	1,200	1,150	1,200	1,200
Maximum Daily Capacity (thousands of gallons)	4,000	4,000	4,000	4,000
Sewer				
Daily Average Sewage Treatment (thousands of gallons)	1,300	1,390	1,290	1,290

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

Source: City Auditor's Office

*City of Heath, Ohio*

2017	2018	2019	2020	2021	2022
7	7	7	7	7	7
95	66	68	75	68	111
6	7	9	7	6	11
1,017	883	1,223	758	618	525
746	670	692	578	485	320
2,782	2,857	2,909	2,674	2,907	3,268
177	106	224	39	107	176
7	4	11	6	8	18
794	716	795	0 *	371	285
67	139	68	79	74	74
67	107	22	75	70	74
17	13	8	21	6	16
4,485	4,490	4,490	4,495	4,495	4,495
1,200	1,250	1,300	1,395	1,400	1,400
4,000	4,000	4,000	4,000	4,000	4,000
1,230	1,250	1,300	1,350	1,350	1,400

## *City of Heath, Ohio*

### *Capital Asset Statistics by Function Last Ten Years*

	2013	2014	2015	2016
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	140	140	140	140
Buildings	23	23	23	23
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Vehicles	8	9	9	9
Fire				
Stations	2	2	2	2
Vehicles	10	10	10	10
Transportation				
Street				
Streets (lane miles)	94	94	95	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*

2017	2018	2019	2020	2021	2022
204	458	458	461	461	461
24	23	24	25	25	25
1	1	1	1	1	1
8	9	9	10	10	10
2	2	2	2	2	2
11	11	10	12	12	12
95	95	95	95	95	95
709	709	710	710	710	710
19	19	19	19	20	20
15	15	15	16	17	18
376	376	376	376	376	376
4	4	4	4	4	4
11	11	11	11	11	11
4	4	4	4	4	1
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*

	2013	2014	2015	2016
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	89	89	89	90
Pump Stations	5	5	5	5
Number of Hydrants	780	780	788	793
Average Daily Consumption	1,200,000	1,150,000	1,200,000	1,200,000
Storage Capacity (thousands of gallons)	2,383	2,383	2,383	2,600
Sewer				
Sewerlines (Miles)	117	117	117	118
Lift Stations	19	19	18	18
Storm Drains (Miles)	43	43	43	49
Treatment Capacity (thousands of gallons)	1,750	1,750	2,240	2,777

Source: City Auditor's Office

*City of Heath, Ohio*

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<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
90	90	90	90	91	91
5	5	5	5	5	5
794	800	800	805	814	814
1,200,000	1,200,000	1,300,000	1,350,000	1,350,000	1,400,000
2,600	2,600	2,600	2,600	2,600	2,600
118	118	118	120	120	121
18	18	18	18	18	19
49	49				
2,250	2,250	2,250	2,250	2,250	2,250





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# 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 10/17/2023**

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

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