

*HEATH CITY SCHOOL DISTRICT*

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# **Heath City School District**

Heath, Ohio



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**





88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

Members of the Board  
Heath City School District  
107 Lancaster Drive  
Heath, Ohio 43056

We have reviewed the *Independent Auditor's Report* of Heath City School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2020 through June 30, 2021. 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. Heath City School District is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

January 27, 2022



***HEATH CITY SCHOOL DISTRICT***

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Heath, Ohio

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
June 30, 2021**

*Prepared by:*

**Mr. Karl Zarins  
Treasurer**



**HEATH CITY SCHOOL DISTRICT**

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# **HEATH CITY SCHOOL DISTRICT**

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**HEATH CITY SCHOOL DISTRICT**

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***HEATH CITY SCHOOL DISTRICT***

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## *INTRODUCTORY SECTION*

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December 27, 2021

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

As the Superintendent and Treasurer of the Heath City School District (the District), we are pleased to submit to you this Comprehensive Annual Financial Report issued by the District. This Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Accounting principles generally accepted in the United States of America (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Heath City School District's MD&A can be found immediately following the independent auditor's report.

The District provides a full range of education programs and services to 1,733 students. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels, a broad range of co-curricular and extracurricular activities, and special education services.

# **HEATH CITY SCHOOL DISTRICT**

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*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2021*

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## **ECONOMIC CONDITIONS AND OUTLOOK**

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

The COVID-19 epidemic in 2020 and 2021 caused a disruption for many of the businesses in Heath, particularly in service and retail sectors. While the District has seen some suppression and challenges to values in these sectors, the economic uncertainty largely subsided due to the introduction of effective vaccines. Other sectors have fared better. In 2020, the businesses located on the campus of the Heath-Newark-Licking County Port Authority's Central Ohio Aerospace and Technology Center increased their employment by roughly 13%, according to information from the HNLCPA. Carvana opened its prototype automobile receiving center and continually hired new employees throughout 2020, and Nature's One, an organic infant nutrition manufacturing facility, began operations and hired staff. These are just a few examples of what proved to be only a slight dip in economic activity in the city.

Future job growth looks promising in the coming year, as facility expansions in the area (but not in the District) were approved during 2020 for Vance Outdoors (20,000 additional square feet) and Robertson Construction (1,500 square feet) for their new business operations. Additionally, two industrial speculative buildings located on International Drive (20,000 sq. ft. and 67,000 sq. ft.) were completed in 2020 and are being actively marketed. Plans are also in the works for a 750,000 square foot facility to be constructed in 2021 between Keller Drive and Thornwood Drive.

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

While the early part of FY 21 was characterized by financial uncertainty due to the pandemic, in large part, the District was able to weather the COVID-19 pandemic with the introduction of federal funding and the availability of a vaccine. In FY 21, the District temporarily offered an online and in-person education option. To offset these costs, safety and hygiene costs, educational remediation costs, and the loss in state funding, the District was awarded almost \$3.1 million in COVID-19 related federal funding to be spent over several years.

In addition, the financial impact of the pandemic on the District has generally been more mild than originally feared. General Fund revenues increased 1.3% on a cash basis compared to FY20. FY21 saw property tax collections increase 0.7% and prior state funding cuts were partially reversed allowing an increase of 3.6% compared to FY20. Meanwhile, General Fund expenditures only increased 1.9% in FY21 vs. FY20 on a cash basis as additional costs related to COVID-19 were largely allocated to federal grant funds and capital outlay costs were reallocated to the new permanent improvement levy fund.

# ***HEATH CITY SCHOOL DISTRICT***

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***Letter of Transmittal  
For the Fiscal Year Ended June 30, 2021***

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## **OPERATING RESULTS AND MAJOR INITIATIVES**

### Current:

During fiscal year 2021, the District continued to work toward both operational and educational goals.

Academically, the 2020-21 school year did have achievement and value-added data, but did not have letter grades, nor an overall district grade. While the District's achievement scores declined from a performance index score of 85.7, compared to a performance index of 90.6 in 2018-19, the District actually improved when performance was looked at relative to the state. While the state average performance index score decreased 10 points, Heath City Schools had only a 5 point decline. Looking further at District data, specifically value-added, Heath City Schools compared more favorably to Ohio districts than at any time in district history. Value-added (student growth) data was above expected growth at the district, school, grade and teacher levels. District leadership believe this outstanding performance is attributed to the continued work that we do on instructional improvement, but also on the fact that our students were in person, five days a week for the entire 2020-21 school year. There were many districts in Ohio that were either remote or hybrid for a good portion of the year, whereas Heath City Schools had an in-person and remote learning option. The District had 15% of its students learning remotely in a different curriculum, and the data above includes those students, but all other students received in-person instruction.

Operationally, the District made several strides to modernize facilities, minimize financial variability, and improve its business operations.

- The residents of the Heath City Schools graciously passed a 4.0 mil permanent improvement levy in April of 2020 and began receiving funding the second half of FY 21. This allows the District to more proactively perform maintenance on its aging facilities and avoid large unexpected repairs. It also offers flexibility to the District to either maintain existing facilities or potentially reallocate a portion of these funds toward financing new facilities, should state funding become available and voters approve financing a new construction project. In FY 21, the District replaced visitor bleachers at its football stadium and an ionization system in two of its buildings to help prevent the spread of airborne pathogens such as COVID-19. These costs were paid out of the Permanent Improvement Fund, rather than the General Fund, as would have been the practice in prior years.
- The District continued to modernize its administrative software and systems by expanding the capacity of its Enterprise Resource Planning software to include a human resources module and functionality.

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

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2021***

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#### Future:

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

Academically, the District is refocusing and continuing our work on instructional improvement during the 2021-22 school year. Our strongest concentration of work will be in the area of literacy. The District is in year two of its comprehensive school literacy grant, and is converting to a researched based ELA curriculum in grades 3-8. The District hired a literacy coordinator who is able to certify our teachers in multi-sensory structured literacy, which is helpful in not only improving literacy instruction, but also in meeting the requirements of the dyslexia support laws which are new in the 2021-22 school year.

District officials are also continuing work on the following initiatives:

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

Operationally, the District will continue to expand the capabilities of its new ERP software system to automate portions of its Fixed Asset tracking. Furthermore, the District will continue to prioritize and address maintenance needs of its physical assets. In FY 22, the District expects to complete a roofing project, and additional upgrades of its HVAC system.



# **HEATH CITY SCHOOL DISTRICT**

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*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2021*

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## **FINANCIAL INFORMATION**

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

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

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

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

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

## HEATH CITY SCHOOL DISTRICT

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*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2021*

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### OTHER INFORMATION

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

**AWARDS** -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2020. We believe this, our twentieth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

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

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

Respectfully submitted,



Trevor Thomas  
Superintendent



Karl Zarins  
Treasurer

# HEATH CITY SCHOOL DISTRICT

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## *Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2021*

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### *Members of the Board of Education*

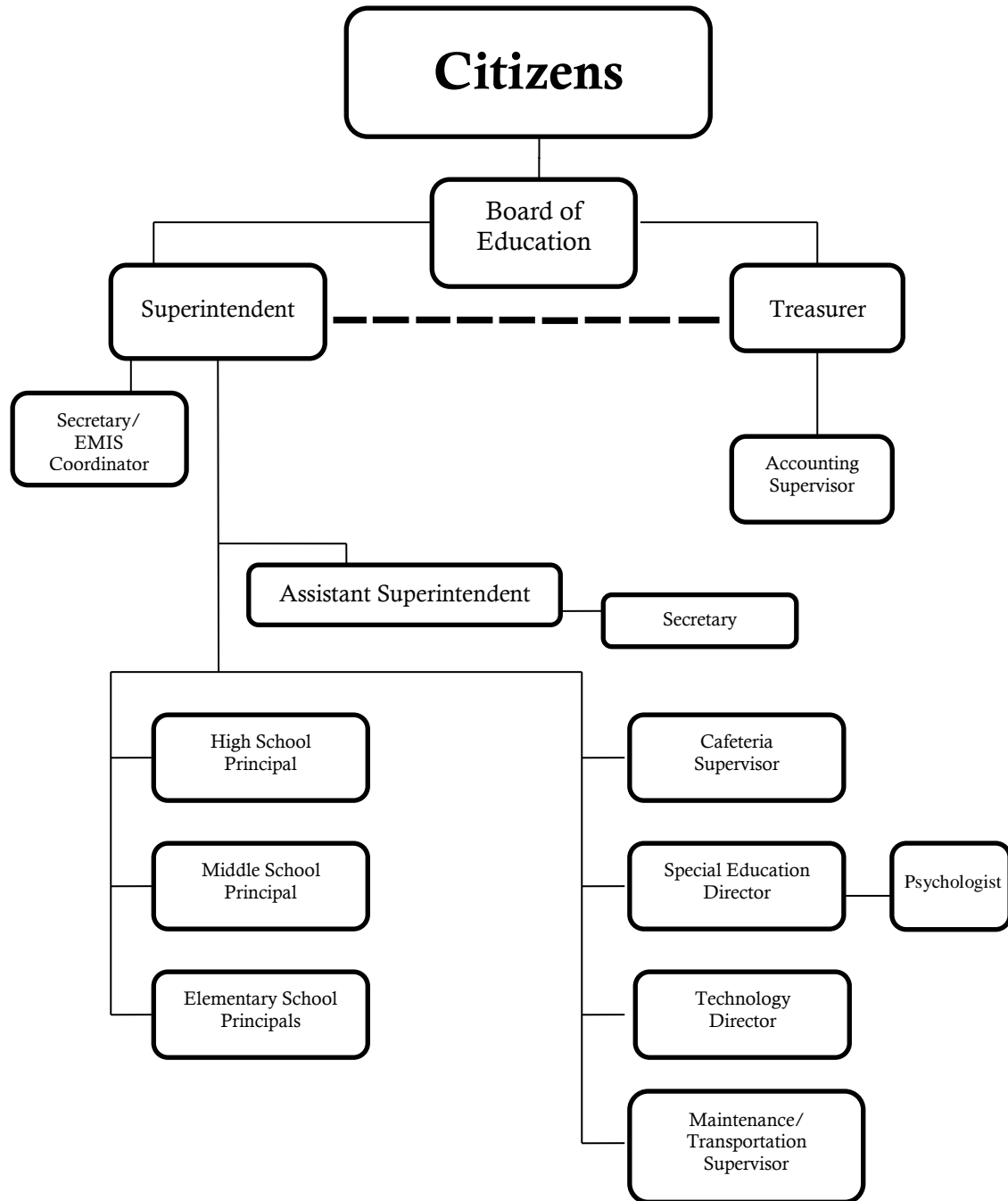
| <b>Name</b>       | <b>Title</b>   | <b>Years of Service</b> |
|-------------------|----------------|-------------------------|
| Ms. Debbie Kelley | President      | 13                      |
| Mr. Sam Smith     | Vice President | 9                       |
| Dr. Craig Dyer    | Member         | 5                       |
| Dr. Melody Klontz | Member         | 5                       |
| Ms. Dianne Winter | Member         | 5                       |

### *Administration*

| <b>Name</b>        | <b>Title</b>             | <b>Years of Service</b> |              |
|--------------------|--------------------------|-------------------------|--------------|
|                    |                          | <b>Position</b>         | <b>Total</b> |
| Dr. Trevor Thomas  | Superintendent           | 8                       | 19           |
| Mr. Karl Zarins    | Treasurer                | 8                       | 19           |
| Ms. Kelly Holbrook | Assistant Superintendent | 8                       | 23           |

# HEATH CITY SCHOOL DISTRICT

Organizational Chart  
For the Fiscal Year Ended June 30, 2021



**HEATH CITY SCHOOL DISTRICT**

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

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Heath City School District  
Ohio**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# HEATH CITY SCHOOL DISTRICT

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## *FINANCIAL SECTION*

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**Independent Auditor's Report**

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

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Heath City School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Heath City School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of June 30, 2021, and the respective changes in financial position, thereof and the budgetary comparison for the general fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matters***

As described in Note 2 to the financial statements, in 2021, the Heath City School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Heath City School District. Our opinions are not modified with respect to these matters.

***Other Matters***

*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 assets and liabilities and pension and other post-employment benefit contributions* listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 and Other Information*

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, on our consideration of the Heath City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Heath City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Heath City School District's internal control over financial reporting and compliance.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
December 27, 2021

**HEATH CITY SCHOOL DISTRICT**

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# HEATH CITY SCHOOL DISTRICT

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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

**Unaudited**

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The discussion and analysis of Heath City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

## **FINANCIAL HIGHLIGHTS**

**Key financial highlights for 2021 are as follows:**

- ❑ In total, net position increased \$1,299,724, which represents a 70.6% decrease in the net deficit from the 2020 net deficit.
- ❑ General revenues accounted for \$20,712,518 in revenue or 80.3% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$5,068,416 or 19.7% of total revenues of \$25,780,934.
- ❑ The District had \$24,481,210 in expenses related to governmental activities; only \$5,068,416 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$20,357,143 in revenues and \$18,823,550 in expenditures. The general fund's fund balance increased from \$11,234,319 to \$12,687,912.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

# HEATH CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021*

*Unaudited*

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## **Government-wide Statements**

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

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

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

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

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

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

## **Fund Financial Statements**

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

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

## **HEATH CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

**Unaudited**

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The Statement of Net Position provides a perspective of the District as a whole. The following table provides a summary of the District's net position for 2021 compared to 2020:

|  | Governmental<br>Activities |                      | Increase<br>(Decrease) |
|--|----------------------------|----------------------|------------------------|
|  | 2021                       | Restated<br>2020     |                        |
| <b>Assets:</b>                         |                            |                      |                        |
| Current and other assets               | \$30,418,736               | \$27,242,856         | \$3,175,880            |
| Net OPEB Asset                         | 1,179,055                  | 1,073,566            | 105,489                |
| Capital assets, Net                    | <u>11,647,302</u>          | <u>11,786,279</u>    | <u>(138,977)</u>       |
| Total assets                           | <u>43,245,093</u>          | <u>40,102,701</u>    | <u>3,142,392</u>       |
| <b>Deferred outflows of resources:</b> |                            |                      |                        |
| Pension                                | 4,280,393                  | 3,893,319            | 387,074                |
| OPEB                                   | <u>665,198</u>             | <u>459,632</u>       | <u>205,566</u>         |
| Total deferred outflows of resources   | <u>4,945,591</u>           | <u>4,352,951</u>     | <u>592,640</u>         |
| <b>Liabilities:</b>                    |                            |                      |                        |
| Net pension liability                  | 20,716,468                 | 18,279,901           | 2,436,567              |
| Net OPEB liability                     | 1,524,887                  | 1,693,185            | (168,298)              |
| Long-term debt outstanding             | 9,041,173                  | 10,113,563           | (1,072,390)            |
| Other liabilities                      | <u>2,248,588</u>           | <u>2,490,759</u>     | <u>(242,171)</u>       |
| Total liabilities                      | <u>33,531,116</u>          | <u>32,577,408</u>    | <u>953,708</u>         |
| <b>Deferred inflows of resources:</b>  |                            |                      |                        |
| Property Tax                           | 12,725,337                 | 10,871,123           | 1,854,214              |
| Refunding                              | 172,550                    | 201,307              | (28,757)               |
| Pension                                | 120,356                    | 863,641              | (743,285)              |
| OPEB                                   | <u>2,183,456</u>           | <u>1,784,028</u>     | <u>399,428</u>         |
| Total deferred inflows of resources    | <u>15,201,699</u>          | <u>13,720,099</u>    | <u>1,481,600</u>       |
| <b>Net position (deficit):</b>         |                            |                      |                        |
| Net Investment in capital assets       | 3,920,842                  | 3,646,520            | 274,322                |
| Restricted                             | 2,713,189                  | 2,474,259            | 238,930                |
| Unrestricted                           | <u>(7,176,162)</u>         | <u>(7,962,634)</u>   | <u>786,472</u>         |
| Total net deficit                      | <u>(\$542,131)</u>         | <u>(\$1,841,855)</u> | <u>\$1,299,724</u>     |

Net position of the District's governmental activities increased by \$1,299,724. This increase is partly attributed to the increase in taxes due to the revaluation of property in the District and partly as a result of maintaining expenses below revenues. As presented in the table of Changes in Net Position, total governmental expenses of \$24,481,210 were offset by program revenues of \$5,068,416 and general revenues of \$20,712,518.

## **HEATH CITY SCHOOL DISTRICT**

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

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

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

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

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

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



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

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

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

At year-end for governmental activities, capital assets represented 27% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2021 were \$3,920,842. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net position, \$2,713,189, represents resources that are subject to external restriction on how they may be used. Excluding the effect of GASB 68 and GASB 75, the District has approximately \$11.2 million in unrestricted net position which may be used to meet the District's ongoing obligations to the students and creditors.

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## **HEATH CITY SCHOOL DISTRICT**

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

|  | Governmental<br>Activities |                      | Increase<br>(Decrease) |
|--|----------------------------|----------------------|------------------------|
|  | 2021                       | Restated<br>2020     |                        |
|  |                            |                      |                        |
| <b>Revenues</b>                          |                            |                      |                        |
| Program Revenues:                        |                            |                      |                        |
| Charges for Services and Sales           | \$2,535,116                | \$2,735,811          | (\$200,695)            |
| Operating Grants and Contributions       | 2,492,212                  | 1,635,333            | 856,879                |
| Capital Grants and Contributions         | 41,088                     | 837,500              | (796,412)              |
| Total Program Revenues                   | <u>5,068,416</u>           | <u>5,208,644</u>     | <u>(140,228)</u>       |
| General Revenues:                        |                            |                      |                        |
| Property Taxes                           | 12,561,869                 | 11,944,337           | 617,532                |
| Grants and Entitlements                  | 7,737,617                  | 7,392,727            | 344,890                |
| Other                                    | 413,032                    | 546,043              | (133,011)              |
| Total General Revenues                   | <u>20,712,518</u>          | <u>19,883,107</u>    | <u>829,411</u>         |
| Total Revenues                           | <u>25,780,934</u>          | <u>25,091,751</u>    | <u>689,183</u>         |
| <b>Program Expenses</b>                  |                            |                      |                        |
| Instruction                              | 14,273,518                 | 13,103,894           | 1,169,624              |
| Support Services:                        |                            |                      |                        |
| Pupils Support                           | 1,308,266                  | 1,214,501            | 93,765                 |
| Instructional Staff Support              | 967,695                    | 846,060              | 121,635                |
| Board of Education                       | 156,391                    | 138,228              | 18,163                 |
| Administration                           | 1,924,020                  | 1,730,240            | 193,780                |
| Fiscal Services                          | 705,579                    | 718,154              | (12,575)               |
| Business                                 | 16,334                     | 11,926               | 4,408                  |
| Operation and Maintenance of Plant       | 1,706,530                  | 1,736,633            | (30,103)               |
| Pupil Transportation                     | 786,334                    | 815,607              | (29,273)               |
| Central                                  | 419,302                    | 409,538              | 9,764                  |
| Operation of Non-Instructional Services: |                            |                      |                        |
| Food Service Operations                  | 970,484                    | 911,863              | 58,621                 |
| Extracurricular Activities               | 1,000,564                  | 995,357              | 5,207                  |
| Interest and Fiscal Charges              | 246,193                    | 348,477              | (102,284)              |
| Total Expenses                           | <u>24,481,210</u>          | <u>22,980,478</u>    | <u>1,500,732</u>       |
| Change in Net Position                   | 1,299,724                  | 2,111,273            | (811,549)              |
| Beginning Net Deficit, Restated          | <u>(1,841,855)</u>         | <u>(3,953,128)</u>   | <u>2,111,273</u>       |
| Ending Net Deficit                       | <u>(\$542,131)</u>         | <u>(\$1,841,855)</u> | <u>\$1,299,724</u>     |

## **HEATH CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
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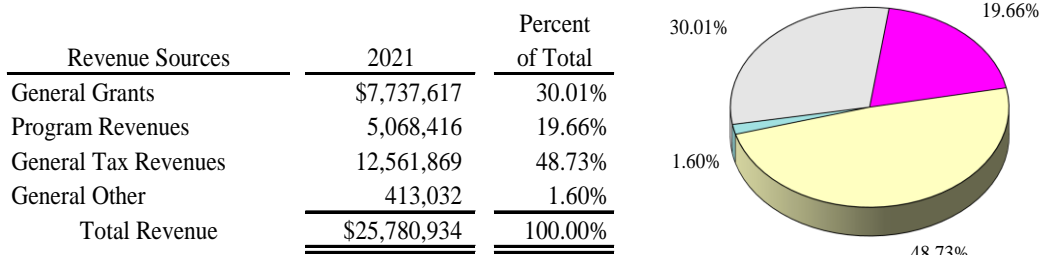
**Unaudited**

### **Governmental Activities**

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$20,299,486 and represent 98% of total general revenue.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Property taxes made up 49% of revenues for governmental activities for Heath City Schools in fiscal year 2021. The District's reliance upon tax revenues is demonstrated by the following graph:



### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund balance of \$15,107,922, which is higher than last year's total of \$13,592,056. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2021 and 2020.

|                    | Fund Balance<br>June 30, 2021 | Restated<br>Fund Balance<br>June 30, 2020 | Increase<br>(Decrease) |
|--------------------|-------------------------------|---|------------------------|
| General            | \$12,687,912                  | \$11,234,319                              | \$1,453,593            |
| Bond Retirement    | 1,956,731                     | 1,684,827                                 | 271,904                |
| Other Governmental | 463,279                       | 672,910                                   | (209,631)              |
| Total              | <u>\$15,107,922</u>           | <u>\$13,592,056</u>                       | <u>\$1,515,866</u>     |

## **HEATH CITY SCHOOL DISTRICT**

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**Unaudited**

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

|                           | 2021         | Restated<br>2020 | Increase<br>(Decrease) |
|---------------------------|--------------|------------------|------------------------|
|                           | Revenues     | Revenues         |                        |
| Taxes                     | \$10,293,552 | \$10,344,526     | (\$50,974)             |
| Tuition                   | 2,130,956    | 2,047,087        | 83,869                 |
| Investment Earnings       | (5,519)      | 323,518          | (329,037)              |
| Class Materials and Fees  | 76,136       | 77,337           | (1,201)                |
| Intergovernmental - State | 7,478,464    | 7,243,918        | 234,546                |
| All Other Revenue         | 383,554      | 195,754          | 187,800                |
| Total                     | \$20,357,143 | \$20,232,140     | \$125,003              |

General Fund revenues in 2021 increased approximately 0.6% compared to revenues in fiscal year 2020; led by increases in state revenues and other revenues. State funding increased as the financial impact of the COVID-19 pandemic became better understood and the Governor restored a portion of funding cuts instituted in fiscal year 2020. Other revenues include a refund of prior year expenditures. The District receives various contracted instructional services from the Licking County Educational Service Center (ESC). These expenses are estimated at the beginning of the year and deducted from state funding. At the conclusion of the year these expenses are compared to actual expenses. If estimated expenses exceed actual expenses, as in this case, the difference is credited to the next year and recognized as revenue. Tuition increased from the prior year due to a higher number of students attending Heath CSD through open enrollment. There was a 13.3% increase in the number of students enrolled under the open enrollment program. This may have been driven by the District offering in person instruction while neighboring districts did not.

These increases are offset by declines in investment earnings and tax revenue. Investment earnings decreased due to the decline in the fair value of the investments from 2020 and a decline in interest earnings. The tax decrease is attributable to tax advances that are available and fluctuate on an annual basis. The advance for fiscal year 2021 was less than for fiscal year 2020.

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## **HEATH CITY SCHOOL DISTRICT**

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|  | 2021<br>Expenditures | 2020<br>Expenditures | Increase<br>(Decrease) |
|--|----------------------|----------------------|------------------------|
| Instruction                              | \$11,683,630         | \$11,177,894         | \$505,736              |
| Supporting Services:                     |                      |                      |                        |
| Pupils Support                           | 662,274              | 778,249              | (115,975)              |
| Instructional Staff Support              | 839,231              | 707,007              | 132,224                |
| Board of Education                       | 156,391              | 138,228              | 18,163                 |
| Administration                           | 1,714,132            | 1,501,501            | 212,631                |
| Fiscal Services                          | 635,824              | 634,393              | 1,431                  |
| Business                                 | 16,334               | 11,926               | 4,408                  |
| Operation and Maintenance of Plant       | 1,545,663            | 1,522,193            | 23,470                 |
| Pupil Transportation                     | 640,445              | 727,512              | (87,067)               |
| Central                                  | 365,706              | 372,434              | (6,728)                |
| Operation of Non-Instructional Services: |                      |                      |                        |
| Food Service Operations                  | 20,671               | 1,062                | 19,609                 |
| Extracurricular Activities               | 481,140              | 600,917              | (119,777)              |
| Capital Outlay                           | 1,898                | 495,108              | (493,210)              |
| Debt Service:                            |                      |                      |                        |
| Principal Retirement                     | 58,472               | 55,378               | 3,094                  |
| Interest and Fiscal Charges              | 1,739                | 4,832                | (3,093)                |
| Total                                    | \$18,823,550         | \$18,728,634         | \$94,916               |

The expenditures increased by \$94,916 or 0.5% compared to the prior year. Instruction services increased 4.5% from the prior year, accounting for the majority of the increase in expenditures from fiscal year 2020. The majority of these increases are explained by an increase in negotiated salaries in fiscal year 2021. Finally, the District's curriculum replacement and improvement cycle required additional resources in fiscal year 2021 compared to prior years.

Instructional staff support costs increased 18.7% from the prior year. The majority of this increase is due to the addition of aides and additional non-contractual duty pay for teachers to respond to operating conditions during pandemic conditions. These costs included the operation of an online option and staffing classrooms during staff quarantines and challenges to find substitute teachers.

Administration costs increased 14.1% from the prior year. The majority of these increases is explained by increases in salary and benefit costs due to negotiated salary increases, substitute costs for an extended illness, additional salary costs of administering an online educational option, and other ancillary salary costs that were better distributed to functional categories. In addition, there were also increases in supply and purchased services costs to allow administrative staff to work from home in the event of mandated closures and quarantines.

## **HEATH CITY SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
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Increases were offset by decreases in Pupil Support, Pupil Transportation, Extracurricular Activities, and Capital Outlay. General Fund Capital Outlay represented the largest decline in costs in fiscal year 2021 compared to fiscal year 2020. The District passed a permanent improvement levy that requires the establishment of its own fund to segregate revenues and expenditures. Therefore, these costs were reallocated to the Permanent Improvement Fund; which is not reflected in the table above. Extracurricular costs also declined 19.9% compared to fiscal year 2020. Because of the pandemic, several extracurricular activities were cancelled or operated at a lesser capacity. Transportation costs declined 12.0% compared to fiscal year 2020. Fiscal year 2020 costs included the purchase of a bus. In fiscal year 2021 and going forward, these costs are reflected in the Permanent Improvement Fund. Finally, pupil support costs declined 14.9% from the prior year largely because guidance counselor costs were shifted to the Wellness Fund and federal grant funds; rather than being paid from the General Fund as reflected above

*Bond Retirement Fund* – The fund balance increased 16.1% from fiscal year 2020. The District refinanced its debt several years ago. However, more recently the District decided to maintain its taxing authority to retire the debt early rather than to lower the tax rates. This bond retirement fund balance is expected to continue to grow until there is a sufficient balance to retire its debt, and also end its bond levy earlier.

### **GENERAL FUND BUDGETING HIGHLIGHTS**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2021 the District amended its General Fund budget several times. Final budget amounts were \$11,232 lower than original budget amounts. Actual expenditures (excluding other financing uses), were 0.41% lower than originally budgeted expenditures and 0.47% lower than the final budgeted expenditures. Final budget amounts and actual expenditures were tracked very closely.

Excluding other financing sources, revenues were 9.5% higher than originally budgeted and 0.3% higher than the final budget. Deviations from the original budget are explained by a lower property tax delinquency rate than anticipated, higher state funding than expected due to a mid-year reduction of funding cuts, a higher open enrollment student population than originally anticipated, and a true up with the Licking County ESC for overpayment for services in the prior year. The General Fund budget actual revenue increased approximately \$62,372 compared to the final budget estimates. This increase was a result of higher state funding than anticipated.

## **HEATH CITY SCHOOL DISTRICT**

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**Unaudited**

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

#### *Capital Assets*

At the end of fiscal 2021, the District had \$11,647,302 net of accumulated depreciation invested in land, buildings, equipment, and vehicles. The following table shows fiscal year 2021 and 2020 balances:

|                                | Governmental<br>Activities |              | Increase<br>(Decrease) |
|--------------------------------|----------------------------|--------------|------------------------|
|                                | 2021                       | 2020         |                        |
| Land                           | \$438,952                  | \$438,952    | \$0                    |
| Land Improvements              | 3,500,009                  | 3,102,709    | 397,300                |
| Buildings and Improvements     | 23,612,500                 | 23,085,263   | 527,237                |
| Machinery and Equipment        | 1,678,380                  | 1,632,810    | 45,570                 |
| Vehicles                       | 1,067,041                  | 1,105,670    | (38,629)               |
| Construction in Progress       | 0                          | 240,381      | (240,381)              |
| Less: Accumulated Depreciation | (18,649,580)               | (17,819,506) | (830,074)              |
| Totals                         | \$11,647,302               | \$11,786,279 | (\$138,977)            |

The District's capital assets decreased in 2021 due to depreciation. Most of the depreciation was offset by an increase in Land Improvements which consisted of visitor side bleachers and press box and an increase in Building of a completed roof. In addition, the District purchased a new school bus and disposed of two old school busses. Additional information on the District's capital assets can be found in Note 9.

#### *Debt*

At June 30, 2021, the District had \$9.0 million in general obligation bonds and compensated absences outstanding, \$1,113,877 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2021 and 2020:

|                                  | 2021        | 2020         |
|----------------------------------|-------------|--------------|
| Governmental Activities:         |             |              |
| General Obligation Bonds Payable | \$7,553,910 | \$8,655,813  |
| Capital Leases Payable           | 0           | 58,472       |
| Compensated Absences             | 1,487,263   | 1,399,278    |
| Totals                           | \$9,041,173 | \$10,113,563 |

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2021, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

## **HEATH CITY SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
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### **ECONOMIC FACTORS**

The Licking County Auditor performed its latest reappraisal of property values in calendar year 2017, impacting collections for fiscal years 2018 and 2019. The county auditor conducts their reappraisal every 6<sup>th</sup> year, with an update the third year (CY 2020). This update impacts collections for fiscal years 2021 and 2022. Due to the strong real estate market in central Ohio, low unemployment and growth in Licking County, property values are anticipated to appreciate or remain stable.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Karl Zarins, Treasurer, Heath City School District.





## **HEATH CITY SCHOOL DISTRICT**

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### **Statement of Net Position** **June 30, 2021**

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|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Assets:</b>                              |                                    |
| Cash and Cash Equivalents                   | \$ 11,599,581                      |
| Investments                                 | 4,684,974                          |
| Receivables:                                |                                    |
| Taxes                                       | 13,520,172                         |
| Accounts                                    | 12,606                             |
| Intergovernmental                           | 288,325                            |
| Interest                                    | 13,351                             |
| Inventory                                   | 13,391                             |
| Prepaid Items                               | 286,336                            |
| Net OPEB Asset                              | 1,179,055                          |
| Capital Assets:                             |                                    |
| Nondepreciable Capital Assets               | 438,952                            |
| Depreciable Capital Assets, Net             | 11,208,350                         |
| Total Capital Assets, Net                   | <u>11,647,302</u>                  |
| <b>Total Assets</b>                         | <u>43,245,093</u>                  |
| <b>Deferred Outflows of Resources:</b>      |                                    |
| Pension                                     | 4,280,393                          |
| OPEB  | 665,198                            |
| <b>Total Deferred Outflows of Resources</b> | <u>4,945,591</u>                   |
| <b>Liabilities:</b>                         |                                    |
| Accounts Payable                            | 237,387                            |
| Accrued Wages and Benefits                  | 1,658,921                          |
| Intergovernmental Payable                   | 300,293                            |
| Early Retirement Incentive Payable          | 29,947                             |
| Accrued Interest Payable                    | 22,040                             |
| Long Term Liabilities:                      |                                    |
| Due Within One Year                         | 1,113,877                          |
| Due in More Than One Year:                  |                                    |
| Net Pension Liability                       | 20,716,468                         |
| Net OPEB Liability                          | 1,524,887                          |
| Other Amounts Due in More Than One Year     | 7,927,296                          |
| <b>Total Liabilities</b>                    | <u>33,531,116</u>                  |

## **HEATH CITY SCHOOL DISTRICT**

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|                                       | <b>Governmental<br/>Activities</b> |
|---------------------------------------|------------------------------------|
| <b>Deferred Inflows of Resources:</b> |                                    |
| Property Taxes                        | 12,725,337                         |
| Deferred Gain on Refunding            | 172,550                            |
| Pension                               | 120,356                            |
| OPEB                                  | 2,183,456                          |
| Total Deferred Inflows of Resources   | <u>15,201,699</u>                  |
| <b>Net Position:</b>                  |                                    |
| Net Investment in Capital Assets      | 3,920,842                          |
| Restricted For:                       |                                    |
| Capital Projects                      | 416,777                            |
| Debt Service                          | 1,948,331                          |
| Statutory Purposes                    | 157,228                            |
| Federal and State Grant Programs      | 190,853                            |
| Unrestricted (Deficit)                | <u>(7,176,162)</u>                 |
| <b>Total Net Position (Deficit)</b>   | <u><u>\$ (542,131)</u></u>         |

See accompanying notes to the basic financial statements



## HEATH CITY SCHOOL DISTRICT

### Statement of Activities For the Fiscal Year Ended June 30, 2021

|   |                      | Program Revenues                  |                                       |                                     | Net (Expense)<br>Revenue and<br>Change in<br>Net Position |
|---|----------------------|-----------------------------------|---------------------------------------|-------------------------------------|---|
|   | Expenses             | Charges for<br>Services and Sales | Operating Grants<br>and Contributions | Capital Grants and<br>Contributions | Governmental<br>Activities                                |
| <b>Governmental Activities:</b>                             |                      |                                   |                                       |                                     |   |
| Instruction   | \$ 14,273,518        | \$ 2,235,092                      | \$ 910,701                            | \$ 0                                | \$ (11,127,725)   |
| Support Services:   |                      |                                   |                                       |                                     |   |
| Pupils  | 1,308,266            | 0                                 | 672,605                               | 0                                   | (635,661)   |
| Instructional Staff   | 967,695              | 0                                 | 75,793                                | 0                                   | (891,902)   |
| Board of Education  | 156,391              | 0                                 | 0                                     | 0                                   | (156,391)   |
| Administration  | 1,924,020            | 0                                 | 44,853                                | 0                                   | (1,879,167)   |
| Fiscal Services   | 705,579              | 0                                 | 0                                     | 0                                   | (705,579)   |
| Business  | 16,334               | 0                                 | 0                                     | 0                                   | (16,334)  |
| Operation and Maintenance of Plant                          | 1,706,530            | 0                                 | 0                                     | 0                                   | (1,706,530)   |
| Pupil Transportation  | 786,334              | 0                                 | 7,905                                 | 41,088                              | (737,341)   |
| Central   | 419,302              | 0                                 | 28,135                                | 0                                   | (391,167)   |
| Operation of Non-Instructional Services:                    |                      |                                   |                                       |                                     |   |
| Food Service Operations                                     | 970,484              | 169,945                           | 752,220                               | 0                                   | (48,319)  |
| Extracurricular Activities                                  | 1,000,564            | 130,079                           | 0                                     | 0                                   | (870,485)   |
| Interest and Fiscal Charges                                 | 246,193              | 0                                 | 0                                     | 0                                   | (246,193)   |
| <b>Total Governmental Activities</b>                        | <b>\$ 24,481,210</b> | <b>\$ 2,535,116</b>               | <b>\$ 2,492,212</b>                   | <b>\$ 41,088</b>                    | <b>(19,412,794)</b>                                       |
| <b>General Revenues</b>                                     |                      |                                   |                                       |                                     |   |
| Property Taxes Levied for:                                  |                      |                                   |                                       |                                     |   |
| General Purposes  |                      |                                   |                                       |                                     | 10,246,008  |
| Debt Service  |                      |                                   |                                       |                                     | 1,422,031   |
| Capital Outlay  |                      |                                   |                                       |                                     | 893,830   |
| Grants and Entitlements not Restricted to Specific Programs |                      |                                   |                                       |                                     | 7,737,617   |
| Investment Earnings   |                      |                                   |                                       |                                     | 14,794  |
| Miscellaneous   |                      |                                   |                                       |                                     | 398,238   |
| Total General Revenues                                      |                      |                                   |                                       |                                     | <u>20,712,518</u>   |
| Change in Net Position                                      |                      |                                   |                                       |                                     | 1,299,724   |
| Net Position (Deficit) Beginning of Year, Restated          |                      |                                   |                                       |                                     | <u>(1,841,855)</u>  |
| Net Position (Deficit) End of Year                          |                      |                                   |                                       |                                     | <u>\$ (542,131)</u>                                       |

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

|  | General              | Bond<br>Retirement  | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|--------------------------------|--------------------------------|
| <b>Assets:</b>   |                      |                     |                                |                                |
| Cash and Cash Equivalents  | \$ 8,903,212         | \$ 1,879,001        | \$ 817,368                     | \$ 11,599,581                  |
| Investments  | 4,684,974            | 0                   | 0                              | 4,684,974                      |
| Receivables:   |                      |                     |                                |                                |
| Taxes  | 10,670,115           | 1,477,516           | 1,372,541                      | 13,520,172                     |
| Accounts   | 2,259                | 0                   | 10,347                         | 12,606                         |
| Intergovernmental  | 5,281                | 0                   | 283,044                        | 288,325                        |
| Interest   | 10,307               | 0                   | 3,044                          | 13,351                         |
| Interfund Loan Receivable  | 197,000              | 0                   | 0                              | 197,000                        |
| Inventory  | 0                    | 0                   | 13,391                         | 13,391                         |
| Prepaid Items  | 230,870              | 0                   | 55,466                         | 286,336                        |
| <b>Total Assets</b>  | <b>\$ 24,704,018</b> | <b>\$ 3,356,517</b> | <b>\$ 2,555,201</b>            | <b>\$ 30,615,736</b>           |
| <b>Liabilities:</b>  |                      |                     |                                |                                |
| Accounts Payable   | \$ 93,019            | \$ 0                | \$ 144,368                     | \$ 237,387                     |
| Accrued Wages and Benefits   | 1,472,228            | 0                   | 186,693                        | 1,658,921                      |
| Intergovernmental Payable  | 277,700              | 0                   | 22,593                         | 300,293                        |
| Interfund Loans Payable  | 0                    | 0                   | 197,000                        | 197,000                        |
| Early Retirement Incentive Payable   | 29,947               | 0                   | 0                              | 29,947                         |
| <b>Total Liabilities</b>   | <b>1,872,894</b>     | <b>0</b>            | <b>550,654</b>                 | <b>2,423,548</b>               |
| <b>Deferred Inflows of Resources:</b>  |                      |                     |                                |                                |
| Property Taxes   | 10,046,574           | 1,386,146           | 1,292,617                      | 12,725,337                     |
| Unavailable Revenue  | 96,638               | 13,640              | 248,651                        | 358,929                        |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>10,143,212</b>    | <b>1,399,786</b>    | <b>1,541,268</b>               | <b>13,084,266</b>              |
| <b>Fund Balances:</b>  |                      |                     |                                |                                |
| Nonspendable   | 230,870              | 0                   | 68,857                         | 299,727                        |
| Restricted   | 0                    | 1,956,731           | 704,885                        | 2,661,616                      |
| Committed  | 248,247              | 0                   | 0                              | 248,247                        |
| Assigned   | 211,104              | 0                   | 0                              | 211,104                        |
| Unassigned (Deficit)   | 11,997,691           | 0                   | (310,463)                      | 11,687,228                     |
| <b>Total Fund Balances</b>   | <b>12,687,912</b>    | <b>1,956,731</b>    | <b>463,279</b>                 | <b>15,107,922</b>              |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> | <b>\$ 24,704,018</b> | <b>\$ 3,356,517</b> | <b>\$ 2,555,201</b>            | <b>\$ 30,615,736</b>           |

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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### ***Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2021***

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|   |                     |                                |
|---|---------------------|--------------------------------|
| <b>Total Governmental Fund Balances</b>   |                     | \$ 15,107,922                  |
| <br><i>Amounts reported for governmental activities in the<br/>statement of net position are different because</i>  |                     |                                |
| Capital Assets used in governmental activities are not<br>resources and therefore are not reported in the funds.  |                     | 11,647,302                     |
| Other long-term assets are not available to pay for current-<br>period expenditures and therefore are deferred in the funds.  |                     | 358,929                        |
| The net pension liability is not due and payable in the current period;<br>therefore, the liability and related deferred inflows/outflows are not<br>reported in governmental funds:                        |                     |                                |
| Deferred Outflows - Pension   | 4,280,393           |                                |
| Deferred Inflows - Pension  | (120,356)           |                                |
| Net Pension Liability   | <u>(20,716,468)</u> | (16,556,431)                   |
| The net OPEB liability/asset is not due and payable nor available in<br>the current period; therefore, the liability/asset and related<br>deferred inflows/outflows are not reported in governmental funds: |                     |                                |
| Deferred Outflows - OPEB  | 665,198             |                                |
| Deferred Inflows - OPEB   | (2,183,456)         |                                |
| Net OPEB Asset  | 1,179,055           |                                |
| Net OPEB Liability  | <u>(1,524,887)</u>  | (1,864,090)                    |
| Long-term liabilities, including bonds and notes payable, are not<br>due and payable in the current period and therefore are not<br>reported in the funds.  |                     |                                |
| General Obligation Bonds Payable  | (7,285,000)         |                                |
| Deferred Gain on Refunding (to be amortized over life of debt)  | (172,550)           |                                |
| Issuance Premium (to be amortized over life of debt)  | (268,910)           |                                |
| Compensated Absences Payable  | (1,487,263)         |                                |
| Accrued Interest Payable  | <u>(22,040)</u>     | <u>(9,235,763)</u>             |
| <br><b><i>Net Position (Deficit) of Governmental Activities</i></b>   |                     | <br><b><u>\$ (542,131)</u></b> |

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

### **Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2021**

|  | General           | Bond<br>Retirement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>                         |                   |                    |                                |                                |
| Local Sources:                           |                   |                    |                                |                                |
| Taxes                                    | \$ 10,293,552     | \$ 1,428,262       | \$ 885,661                     | \$ 12,607,475                  |
| Tuition                                  | 2,130,956         | 0                  | 0                              | 2,130,956                      |
| Food Services                            | 0                 | 0                  | 169,945                        | 169,945                        |
| Investment Earnings                      | (5,519)           | 0                  | 21,564                         | 16,045                         |
| Extracurricular Activities               | 0                 | 0                  | 130,079                        | 130,079                        |
| Class Materials and Fees                 | 76,136            | 0                  | 0                              | 76,136                         |
| Intergovernmental - State                | 7,478,464         | 240,982            | 397,765                        | 8,117,211                      |
| Intergovernmental - Federal              | 0                 | 0                  | 2,059,005                      | 2,059,005                      |
| All Other Revenue                        | 383,554           | 0                  | 42,684                         | 426,238                        |
| <b>Total Revenues</b>                    | <b>20,357,143</b> | <b>1,669,244</b>   | <b>3,706,703</b>               | <b>25,733,090</b>              |
| <b>Expenditures:</b>                     |                   |                    |                                |                                |
| Current:                                 |                   |                    |                                |                                |
| Instruction                              | 11,683,630        | 0                  | 1,226,334                      | 12,909,964                     |
| Supporting Services:                     |                   |                    |                                |                                |
| Pupils                                   | 662,274           | 0                  | 553,388                        | 1,215,662                      |
| Instructional Staff                      | 839,231           | 0                  | 57,715                         | 896,946                        |
| Board of Education                       | 156,391           | 0                  | 0                              | 156,391                        |
| Administration                           | 1,714,132         | 0                  | 46,597                         | 1,760,729                      |
| Fiscal Services                          | 635,824           | 22,099             | 12,979                         | 670,902                        |
| Business                                 | 16,334            | 0                  | 0                              | 16,334                         |
| Operation and Maintenance of Plant       | 1,545,663         | 0                  | 0                              | 1,545,663                      |
| Pupil Transportation                     | 640,445           | 0                  | 127,805                        | 768,250                        |
| Central                                  | 365,706           | 0                  | 41,764                         | 407,470                        |
| Operation of Non-Instructional Services: |                   |                    |                                |                                |
| Food Service Operations                  | 20,671            | 0                  | 928,547                        | 949,218                        |
| Extracurricular Activities               | 481,140           | 0                  | 225,872                        | 707,012                        |
| Capital Outlay                           | 1,898             | 0                  | 767,646                        | 769,544                        |
| Debt Service:                            |                   |                    |                                |                                |
| Principal Retirement                     | 58,472            | 1,110,000          | 0                              | 1,168,472                      |
| Interest and Fiscal Charges              | 1,739             | 265,241            | 0                              | 266,980                        |
| <b>Total Expenditures</b>                | <b>18,823,550</b> | <b>1,397,340</b>   | <b>3,988,647</b>               | <b>24,209,537</b>              |
| Excess (Deficiency) of Revenues          |                   |                    |                                |                                |
| Over (Under) Expenditures                | 1,533,593         | 271,904            | (281,944)                      | 1,523,553                      |



## **HEATH CITY SCHOOL DISTRICT**

|   | General       | Bond<br>Retirement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------|--------------------|--------------------------------|--------------------------------|
| <b>Other Financing Sources (Uses):</b>              |               |                    |                                |                                |
| Transfers In  | 0             | 0                  | 80,000                         | 80,000                         |
| Transfers Out                                       | (80,000)      | 0                  | 0                              | (80,000)                       |
| <b>Total Other Financing Sources (Uses)</b>         | (80,000)      | 0                  | 80,000                         | 0                              |
| Net Change in Fund Balances                         | 1,453,593     | 271,904            | (201,944)                      | 1,523,553                      |
| <b>Fund Balances at Beginning of Year, Restated</b> | 11,234,319    | 1,684,827          | 672,910                        | 13,592,056                     |
| Decrease in Inventory                               | 0             | 0                  | (7,687)                        | (7,687)                        |
| <b>Fund Balances End of Year</b>                    | \$ 12,687,912 | \$ 1,956,731       | \$ 463,279                     | \$ 15,107,922                  |

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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***Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances Of Governmental Funds  
To the Statement Of Activities  
For the Fiscal Year Ended June 30, 2021***

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|   |              |
|---|--------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | \$ 1,523,553 |
| <b><i>Amounts reported for governmental activities in the statement of activities are different because</i></b>   |              |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.   | (119,936)    |
| The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase net position.  | (19,041)     |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  | 47,844       |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.   | 1,592,305    |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.  | (2,853,489)  |
| Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB income/(expense) in the statement of activities.   | 34,901       |
| The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 1,168,472    |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.   | 127          |

## **HEATH CITY SCHOOL DISTRICT**

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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

|   |          |                                   |
|---|----------|-----------------------------------|
| Compensated Absences  | (87,985) |                                   |
| Interest Accretion  | (52,915) |                                   |
| Amortization of Deferred Gain on Refunding                      | 28,757   |                                   |
| Amortization of Premium on Bond Issuance                        | 44,818   |                                   |
| Change in Inventory   | (7,687)  | (75,012)                          |
|   |          |                                   |
| <b><i>Change in Net Position of Governmental Activities</i></b> |          | <b><u><u>\$ 1,299,724</u></u></b> |

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2021**

|                                    | Original Budget | Final Budget  | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|-----------------|---------------|---------------|---|
| <b>Revenues:</b>                   |                 |               |               |   |
| Local Sources:                     |                 |               |               |   |
| Taxes                              | \$ 9,584,018    | \$ 10,389,152 | \$ 10,389,152 | \$ 0  |
| Tuition                            | 1,837,900       | 2,130,956     | 2,130,956     | 0   |
| Investment Earnings                | 60,000          | 62,229        | 65,513        | 3,284   |
| Class Material and Fees            | 3,000           | 5,000         | 3,833         | (1,167)   |
| Intergovernmental - State          | 7,057,806       | 7,417,891     | 7,477,277     | 59,386  |
| All Other Revenues                 | 94,000          | 336,122       | 336,991       | 869   |
| Total Revenues                     | 18,636,724      | 20,341,350    | 20,403,722    | 62,372  |
| <b>Expenditures:</b>               |                 |               |               |   |
| Current:                           |                 |               |               |   |
| Instruction                        | 11,454,528      | 11,600,533    | 11,577,670    | 22,863  |
| Support Services:                  |                 |               |               |   |
| Pupils                             | 699,509         | 656,643       | 651,417       | 5,226   |
| Instructional Staff                | 719,038         | 827,106       | 820,479       | 6,627   |
| Board of Education                 | 162,900         | 180,092       | 176,812       | 3,280   |
| Administration                     | 1,556,276       | 1,700,790     | 1,689,096     | 11,694  |
| Fiscal Services                    | 778,870         | 637,243       | 635,823       | 1,420   |
| Business                           | 17,400          | 16,400        | 16,334        | 66  |
| Operation and Maintenance of Plant | 1,481,250       | 1,558,842     | 1,542,713     | 16,129  |
| Pupil Transportation               | 922,150         | 628,527       | 625,769       | 2,758   |
| Central                            | 339,023         | 405,505       | 401,197       | 4,308   |
| Non-Instructional Services:        |                 |               |               |   |
| Food Services                      | 1,100           | 1,400         | 1,057         | 343   |
| Extracurricular Activities         | 532,949         | 514,529       | 500,194       | 14,335  |
| Capital Outlay                     | 85,570          | 34,185        | 34,185        | 0   |
| Debt Service:                      |                 |               |               |   |
| Principal Retirement               | 58,472          | 58,472        | 58,472        | 0   |
| Interest and Fiscal Charges        | 1,739           | 1,739         | 1,739         | 0   |
| Total Expenditures                 | 18,810,774      | 18,822,006    | 18,732,957    | 89,049  |
| Excess (Deficiency) of Revenues    |                 |               |               |   |
| Over (Under) Expenditures          | (174,050)       | 1,519,344     | 1,670,765     | 151,421   |

## **HEATH CITY SCHOOL DISTRICT**

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|  | <u>Original Budget</u> | <u>Final Budget</u>  | <u>Actual</u>        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|----------------------|----------------------|---|
| <b>Other Financing Sources (Uses):</b> |                        |                      |                      |   |
| Sale of Capital Assets                 | 1,000                  | 0                    | 0                    | 0   |
| Transfers Out                          | (500,000)              | (123,035)            | (93,989)             | 29,046  |
| Advances In                            | 50,000                 | 65,000               | 50,000               | (15,000)  |
| Advances Out                           | (50,000)               | (200,000)            | (197,000)            | 3,000   |
| Total Other Financing Sources (Uses)   | <u>(499,000)</u>       | <u>(258,035)</u>     | <u>(240,989)</u>     | <u>17,046</u>   |
| Net Change in Fund Balance             | (673,050)              | 1,261,309            | 1,429,776            | 168,467   |
| Fund Balance at Beginning of Year      | 11,602,076             | 11,602,076           | 11,602,076           | 0   |
| Prior Year Encumbrances                | 165,010                | 165,010              | 165,010              | 0   |
| Fund Balance at End of Year            | <u>\$ 11,094,036</u>   | <u>\$ 13,028,395</u> | <u>\$ 13,196,862</u> | <u>\$ 168,467</u>                                       |

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 68 noncertified and approximately 125 certified teaching personnel and administrative employees providing education to 1,715 students.

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

The following fund types are used by the District:

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

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

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

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

# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

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

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



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

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

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

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

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

# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

All funds other than custodial funds are legally required to be budgeted and appropriated; however, only the General Fund is required to be reported. The primary level of budgetary control is at the fund level. Budgetary modifications may only be made by resolution of the Board of Education.

#### **1. Estimated Resources**

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2021.

#### **2. Appropriations**

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year.

During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The treasurer may allocate appropriations among departments within a fund. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

## **HEATH CITY SCHOOL DISTRICT**

***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021***

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

**E. Budgetary Process (Continued)**

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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

| Net Change in Fund Balance     | General Fund |
|--------------------------------|--------------|
| GAAP Basis (as reported)       | \$1,453,593  |
| Increase (Decrease):           |              |
| Accrued Revenues               |              |
| at June 30, 2021,              |              |
| received during FY 2022        | (741,750)    |
| Accrued Revenues               |              |
| at June 30, 2020,              |              |
| received during FY 2021        | 704,947      |
| Accrued Expenditures           |              |
| at June 30, 2021,              |              |
| paid during FY 2022            | 1,872,894    |
| Accrued Expenditures           |              |
| at June 30, 2020,              |              |
| paid during FY 2021            | (1,933,703)  |
| FY 2020 Prepays for FY 2021    | 232,672      |
| FY 2021 Prepays for FY 2022    | (230,870)    |
| Perspective Difference-        |              |
| Budgeted Special Revenue Funds |              |
| reclassified as General Fund   | 14,139       |
| Adjustment to Fair Value       | 65,284       |
| Encumbrances Outstanding       | (7,430)      |
| Budget Basis                   | \$1,429,776  |

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021*

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

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

During fiscal year 2021, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

#### **G. Investments**

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

During 2021, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

#### **H. Inventory**

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

# **HEATH CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

#### **H. Inventory** (Continued)

On the governmental fund financial statements, inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

#### **I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

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

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

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

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021**

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

**K. Long-Term Obligations**

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

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

**L. Compensated Absences**

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

**M. Net Position**

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

The District policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The District did not have net position restricted by enabling legislation at June 30, 2021.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

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

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

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2021. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2021, the District had no extraordinary or special items.



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

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

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021**

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

**U. Fair Value**

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

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF FUND BALANCE  
/NET POSITION**

For 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, “Fiduciary Activities,” and Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.”

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

The implementation of GASB 84 had the following effect on net position and fund balance as reported June 30, 2020:

|  | Governmental<br>Activities | General<br>Fund     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------------|---------------------|--------------------------------|--------------------------------|
| Net Position/Fund Balance June 30, 2020              | (\$1,893,818)              | \$11,233,358        | \$621,908                      | \$13,540,093                   |
| Adjustments:   |                            |                     |                                |                                |
| GASB 84 Fund Reclassification                        | 51,963                     | 961                 | 51,002                         | 51,963                         |
| Restated Net Position/<br>Fund Balance June 30, 2020 | <u>(\$1,841,855)</u>       | <u>\$11,234,319</u> | <u>\$672,910</u>               | <u>\$13,592,056</u>            |

Related to the implementation of GASB Statement 84, the, the District will no longer be reporting agency funds.

GASB Statement No. 90 establishes criteria for reporting a government’s majority equity interest in a legally separate organization. The implementation of this statement did not result in a restatement of the District’s financial statements.

## **HEATH CITY SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

#### **NOTE 3 – FUND BALANCES**

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

| Fund Balances                | General<br>Fund            | Debt Service              | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------|----------------------------|---------------------------|--------------------------------|--------------------------------|
| Nonspendable:                |                            |                           |                                |                                |
| Prepaid Items                | \$230,870                  | \$0                       | \$55,466                       | \$286,336                      |
| Supplies Inventory           | 0                          | 0                         | 13,391                         | 13,391                         |
| Total Nonspendable           | <u>230,870</u>             | <u>0</u>                  | <u>68,857</u>                  | <u>299,727</u>                 |
| Restricted:                  |                            |                           |                                |                                |
| Food Service Operations      | 0                          | 0                         | 39,613                         | 39,613                         |
| Extracurricular Activities   | 0                          | 0                         | 106,267                        | 106,267                        |
| Technology Improvements      | 0                          | 0                         | 437                            | 437                            |
| Student Wellness and Success | 0                          | 0                         | 154,164                        | 154,164                        |
| Limited English Proficiency  | 0                          | 0                         | 916                            | 916                            |
| Debt Service Payments        | 0                          | 1,956,731                 | 0                              | 1,956,731                      |
| Capital Improvements         | 0                          | 0                         | 403,488                        | 403,488                        |
| Total Restricted             | <u>0</u>                   | <u>1,956,731</u>          | <u>704,885</u>                 | <u>2,661,616</u>               |
| Committed:                   |                            |                           |                                |                                |
| Employee Health Insurance    | 248,247                    | 0                         | 0                              | 248,247                        |
| Total Committed              | <u>248,247</u>             | <u>0</u>                  | <u>0</u>                       | <u>248,247</u>                 |
| Assigned:                    |                            |                           |                                |                                |
| Assigned to Other Purposes   | 211,104                    | 0                         | 0                              | 211,104                        |
| Total Assigned               | <u>211,104</u>             | <u>0</u>                  | <u>0</u>                       | <u>211,104</u>                 |
| Unassigned (Deficit)         | <u>11,997,691</u>          | <u>0</u>                  | <u>(310,463)</u>               | <u>11,687,228</u>              |
| Total Fund Balances          | <u><u>\$12,687,912</u></u> | <u><u>\$1,956,731</u></u> | <u><u>\$463,279</u></u>        | <u><u>\$15,107,922</u></u>     |

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

|                      |                    |
|----------------------|--------------------|
| Capital Outlay       | \$899,929          |
| Depreciation Expense | (1,019,865)        |
|                      | <u>(\$119,936)</u> |

*Governmental revenues not reported in the funds:*

|   |                 |
|---|-----------------|
| Decrease in Delinquent Tax Revenue              | (\$45,606)      |
| Decrease in Accounts Receivable                 | (\$10,976)      |
| Increase in Intergovernmental Grants Receivable | 105,677         |
| Decrease in Interest Earnings                   | (1,251)         |
|   | <u>\$47,844</u> |

*Amount of current year contractually required contributions deferred:*

|                       |                    |
|-----------------------|--------------------|
| Pension Contributions | \$1,547,281        |
| OPEB Contributions    | 45,024             |
|                       | <u>\$1,592,305</u> |

*Amount of bond and lease principal payments:*

|                        |                    |
|------------------------|--------------------|
| Bond Principal Payment | \$1,110,000        |
| Capital Lease Payment  | 58,472             |
|                        | <u>\$1,168,472</u> |

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

#### **A. Deposits**

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

## **HEATH CITY SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021**

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

##### **A. Deposits (Continued)**

At year end the carrying amount of the District's deposits was \$10,435,513 and the bank balance was \$10,452,844. Federal depository insurance covered \$10,424,342 of the bank balance and \$28,502 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

|   | Balance  |
|---|----------|
| Uninsured and collateralized with securities held in<br>the Ohio Pooled Collateral System | \$28,502 |
| Total Balance   | \$28,502 |

Following Ohio statues, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$65,513. This includes \$55,388 assigned from other District funds; however, the reduction in fair value of the investments in the General Fund resulted in reporting negative investment earnings in the General Fund.

##### **B. Investments**

The District's investments at June 30, 2021 were as follows:

|                   | Fair Value  | Credit Rating                       | Investment Maturities (in Years) |             |           |
|-------------------|-------------|-------------------------------------|----------------------------------|-------------|-----------|
|                   |             |                                     | less than 1                      | 1-3 years   | 3-5 years |
| STAR Ohio         | \$1,165,168 | a AAAm <sup>2</sup>                 | \$1,165,168                      | \$0         | \$0       |
| FFCB Notes        | 160,105     | Aaa <sup>1</sup> , AA+ <sup>2</sup> | 160,105                          | 0           | 0         |
| FHLMC Notes       | 580,924     | Aaa <sup>1</sup> , AA+ <sup>2</sup> | 0                                | 199,555     | 381,369   |
| Commercial Paper  | 1,069,341   | P-1 <sup>1</sup>                    | 1,069,341                        | 0           | 0         |
| Negotiable CD     | 2,873,504   | AAA <sup>3</sup>                    | 911,205                          | 1,962,299   | 0         |
| Total Investments | \$5,849,042 |                                     | \$3,305,819                      | \$2,161,854 | \$381,369 |

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021***

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

**B. Investments** (Continued)

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

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

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

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 20% are STAR Ohio, 3% are FFCB, 10 are FHLMC, 18% are Commercial Paper, and 49% are Negotiable Certificates of Deposit.

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

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

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

|  | Cash and Cash<br>Equivalents | Investments |
|--|------------------------------|-------------|
| Per Financial Statements   | \$11,599,581                 | \$4,684,974 |
| Certificates of Deposit<br>(with maturities of more than 3 months) | 1,100                        | (1,100)     |
| STAR Ohio  | (1,165,168)                  | 1,165,168   |
| Per GASB Statement No. 3   | \$10,435,513                 | \$5,849,042 |



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2021 receipts were based are:

|  | <u>Assessed Values for Collection in:</u> |                        |
|--|---|------------------------|
|  | <u>2020 Second Half</u>                   | <u>2021 First Half</u> |
| Agricultural/Residential and Other Real Estate | \$261,638,294                             | \$285,512,290          |
| Public Utility Personal                        | 20,431,940                                | 22,460,320             |
| Total Assessed Value                           | <u>\$282,070,234</u>                      | <u>\$307,972,610</u>   |
| Tax rate per \$1,000 of assessed valuation     | \$62.00                                   | \$64.80                |

**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021***

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

***Tax Abatement***

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

As of June 30, 2021, another governmental entity provided tax abatements through the Community Reinvestment Area (CRA) program. Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

During fiscal year 2021, the District's property tax revenues were reduced under agreements entered into by another government as follows:

| <u>Government Entering<br/>Into Agreement</u> | <u>District<br/>Taxes Abated</u> |
|---|----------------------------------|
| City of Heath                                 | \$ 561,246                       |

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021**

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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2021 consisted of accounts, taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

**NOTE 8 - INTERFUND ACTIVITY**

**A. Interfund Receivables and Payables**

Following is a summary of interfund receivables and payables for all funds at June 30, 2021:

|                             | <u>Interfund Loan<br/>Receivables</u> | <u>Interfund Loan<br/>Payables</u> |
|-----------------------------|---------------------------------------|------------------------------------|
| General Fund                | \$197,000                             | \$0                                |
| Nonmajor Governmental Funds | 0                                     | 197,000                            |
| Totals                      | <u>\$197,000</u>                      | <u>\$197,000</u>                   |

The Interfund Loan is a short-term loan which will be paid back within the year. The primary purpose of the interfund balance is to cover costs in specific funds where revenues were not received by June 30, 2021.

**B. Interfund Transfers**

Following is a summary of transfers in and out for all funds for fiscal year 2021:

| <u>Fund</u>                 | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|---------------------|----------------------|
| General Fund                | \$0                 | \$80,000             |
| Nonmajor Governmental Funds | 80,000              | 0                    |
| Total All Funds             | <u>\$80,000</u>     | <u>\$80,000</u>      |

Transfers from the General Fund were made to provide additional resources for a nonmajor governmental fund. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

#### NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2021:

*Historical Cost:*

| Class  | Balance at<br>June 30, 2020 | Additions              | Deletions          | Balance at<br>June 30, 2021 |
|--|-----------------------------|------------------------|--------------------|-----------------------------|
| <i>Capital Assets not being depreciated:</i> |                             |                        |                    |                             |
| Land   | \$438,952                   | \$0                    | \$0                | \$438,952                   |
| Construction In Progress                     | 240,381                     | 0                      | (240,381)          | 0                           |
| Subtotal                                     | <u>679,333</u>              | <u>0</u>               | <u>(240,381)</u>   | <u>438,952</u>              |
| <i>Capital Assets being depreciated:</i>     |                             |                        |                    |                             |
| Land Improvements                            | 3,102,709                   | 436,800                | (39,500)           | 3,500,009                   |
| Buildings and Improvements                   | 23,085,263                  | 538,040                | (10,803)           | 23,612,500                  |
| Furniture, Fixtures and Equipment            | 1,632,810                   | 45,570                 | 0                  | 1,678,380                   |
| Vehicles                                     | 1,105,670                   | 119,900                | (158,529)          | 1,067,041                   |
| Subtotal                                     | <u>28,926,452</u>           | <u>1,140,310</u>       | <u>(208,832)</u>   | <u>29,857,930</u>           |
| Total Cost                                   | <u>\$29,605,785</u>         | <u>\$1,140,310</u>     | <u>(\$449,213)</u> | <u>\$30,296,882</u>         |
| <i>Accumulated Depreciation:</i>             |                             |                        |                    |                             |
| Class  | Balance at<br>June 30, 2020 | Additions              | Deletions          | Balance at<br>June 30, 2021 |
| Land Improvements                            | (\$1,869,468)               | (\$143,902)            | \$23,700           | (\$1,989,670)               |
| Buildings and Improvements                   | (13,833,891)                | (708,839)              | 7,562              | (14,535,168)                |
| Furniture, Fixtures and Equipment            | (1,299,795)                 | (85,883)               | 0                  | (1,385,678)                 |
| Vehicles                                     | (816,352)                   | (81,241)               | 158,529            | (739,064)                   |
| Total Depreciation                           | <u>(\$17,819,506)</u>       | <u>(\$1,019,865) *</u> | <u>\$189,791</u>   | <u>(\$18,649,580)</u>       |
| <i>Net Value:</i>                            | <u>\$11,786,279</u>         |                        |                    | <u>\$11,647,302</u>         |

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

|  |                    |
|--|--------------------|
| Instruction                              | \$485,727          |
| Support Services:                        |                    |
| Pupils                                   | 22,300             |
| Instructional Staff                      | 22,333             |
| Administration                           | 45,848             |
| Fiscal Services                          | 2,118              |
| Operations and Maintenance of Plant      | 58,828             |
| Pupil Transportation                     | 98,259             |
| Central                                  | 3,418              |
| Operation of Non-Instructional Services: |                    |
| Food Service                             | 39,533             |
| Extracurricular Activities               | 241,501            |
| Total Depreciation Expense               | <u>\$1,019,865</u> |

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

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

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

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021**

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

**B. Plan Description**

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

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

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                               | Eligible to<br>Retire on or after<br>August 1, 2017                                  |
|------------------------------|--|--|
| Full Benefits                | Age 65 with 5 years of service credit; or<br>Any age with 30 years of service credit | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit<br>Age 55 with 25 years of service credit      | Age 62 with 10 years of service credit; or<br>Age 60 with 25 years of service credit |

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

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

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

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14 percent. No amount was allocated to the Health Care Fund.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

The District's contractually required contribution to SERS was \$334,415 for fiscal year 2021. Of this amount \$14,330 is reported as an intergovernmental payable.

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

***Funding Policy*** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2021 contribution rates were equal to the statutory maximum rates, and the full employer contribution was allocated to the pension fund.

The District's contractually required contribution to STRS was \$1,212,866 for fiscal year 2021. Of this amount \$223,968 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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## HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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

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

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

|  | <u>SERS</u>       | <u>STRS</u>        | <u>Total</u> |
|--|-------------------|--------------------|--------------|
| Proportionate Share of the Net Pension Liability | \$4,483,767       | \$16,232,701       | \$20,716,468 |
| Proportion of the Net Pension Liability -2021    | 0.0677899%        | 0.06708714%        |              |
| Proportion of the Net Pension Liability -2020    | <u>0.0659427%</u> | <u>0.06481946%</u> |              |
| Percentage Change                                | <u>0.0018472%</u> | <u>0.00226768%</u> |              |
| Pension Expense                                  | \$567,544         | \$2,285,945        | \$2,853,489  |

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>SERS</u>      | <u>STRS</u>        | <u>Total</u>       |
|--|------------------|--------------------|--------------------|
| <b>Deferred Outflows of Resources</b>  |                  |                    |                    |
| Differences between expected and actual experience                               | \$8,709          | \$36,422           | \$45,131           |
| Change of assumptions  | 0                | 871,381            | 871,381            |
| Net difference between projected and actual earnings on pension plan investments | 284,629          | 789,398            | 1,074,027          |
| District contributions subsequent to the measurement date                        | 334,415          | 1,212,866          | 1,547,281          |
| Changes in proportionate share   | <u>67,000</u>    | <u>675,573</u>     | <u>742,573</u>     |
| Total Deferred Outflows of Resources   | <u>\$694,753</u> | <u>\$3,585,640</u> | <u>\$4,280,393</u> |
| <b>Deferred Inflows of Resources</b>   |                  |                    |                    |
| Differences between expected and actual experience                               | \$0              | \$103,796          | \$103,796          |
| Changes in proportionate share   | <u>16,560</u>    | <u>0</u>           | <u>16,560</u>      |
| Total Deferred Inflows of Resources  | <u>\$16,560</u>  | <u>\$103,796</u>   | <u>\$120,356</u>   |

\$1,547,281 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

|                             | <u>SERS</u>      | <u>STRS</u>        | <u>Total</u>       |
|-----------------------------|------------------|--------------------|--------------------|
| Fiscal Year Ending June 30: |                  |                    |                    |
| 2022                        | \$25,274         | \$755,524          | \$780,798          |
| 2023                        | 110,751          | 455,825            | 566,576            |
| 2024                        | 118,641          | 606,111            | 724,752            |
| 2025                        | <u>89,112</u>    | <u>451,518</u>     | <u>540,630</u>     |
| Total                       | <u>\$343,778</u> | <u>\$2,268,978</u> | <u>\$2,612,756</u> |

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## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

|  |   |
|--|---|
| Wage Inflation                               | 3.00 percent  |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent                               |
| COLA or Ad Hoc COLA                          | 2.5 percent   |
| Investment Rate of Return                    | 7.50 percent net of investment expense, including inflation |
| Actuarial Cost Method                        | Entry Age Normal  |

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long Term Expected<br/>Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash                   | 2.00 %                       | 1.85 %  |
| US Stocks              | 22.50                        | 5.75  |
| Non-US Stocks          | 22.50                        | 6.50  |
| Fixed Income           | 19.00                        | 2.85  |
| Private Equity         | 12.00                        | 7.60  |
| Real Assets            | 17.00                        | 6.60  |
| Multi-Asset Strategies | 5.00                         | 6.65  |
| Total                  | <u>100.00 %</u>              |   |

***Discount Rate*** - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021***

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

**D. Actuarial Assumptions (Continued)**

|  | 1% Decrease<br>(6.50%) | Current<br>Discount Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
|--|------------------------|-------------------------------------|------------------------|
| District's proportionate share<br>of the net pension liability | \$6,142,213            | \$4,483,767                         | \$3,092,299            |

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020 actuarial valuation are presented below:

|                                      |  |
|--------------------------------------|--|
| Inflation                            | 2.50 percent   |
| Projected salary increases           | 12.50 percent at age 20 to<br>2.50 percent at age 65             |
| Investment Rate of Return            | 7.45 percent, net of investment<br>expenses, including inflation |
| Discount Rate                        | 7.45 percent   |
| Payroll Increases                    | 3 percent  |
| Cost-of-Living Adjustments<br>(COLA) | 0.0 percent, effective July 1, 2017                              |

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

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

## HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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

**D. Actuarial Assumptions (Continued)**

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

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

|  | 1% Decrease<br>(6.45%) | Current<br>Discount Rate<br>(7.45%) | 1% Increase<br>(8.45%) |
|--|------------------------|-------------------------------------|------------------------|
| District's proportionate share<br>of the net pension liability | \$23,112,540           | \$16,232,701                        | \$10,402,610           |

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

***Funding Policy*** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, 0.0 percent of covered payroll was contributed to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$45,024.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$45,024 for fiscal year 2021, which is reported as an intergovernmental payable.

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021**

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

**B. Plan Description** (Continued)

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

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

**Funding Policy** – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2021, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the pension and OPEB plans relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

|   | <u>SERS</u>       | <u>STRS</u>        | <u>Total</u> |
|---|-------------------|--------------------|--------------|
| Proportionate Share of the Net OPEB Liability (Asset) | \$1,524,887       | (\$1,179,055)      | \$345,832    |
| Proportion of the Net OPEB Liability (Asset) -2021    | 0.0701637%        | 0.06708714%        |              |
| Proportion of the Net OPEB Liability (Asset) -2020    | <u>0.0673291%</u> | <u>0.06481946%</u> |              |
| Percentage Change                                     | <u>0.0028346%</u> | <u>0.00226768%</u> |              |
| OPEB Expense  | \$26,295          | (\$61,196)         | (\$34,901)   |



## **HEATH CITY SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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

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

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | SERS             | STRS               | Total              |
|---|------------------|--------------------|--------------------|
| <b>Deferred Outflows of Resources</b>   |                  |                    |                    |
| Differences between expected and actual experience                            | \$20,028         | \$75,550           | \$95,578           |
| Changes of assumptions  | 259,942          | 19,462             | 279,404            |
| Net difference between projected and actual earnings on OPEB plan investments | 17,181           | 41,322             | 58,503             |
| Changes in proportionate share  | 148,912          | 37,777             | 186,689            |
| District contributions subsequent to the measurement date                     | 45,024           | 0                  | 45,024             |
| <b>Total Deferred Outflows of Resources</b>                                   | <b>\$491,087</b> | <b>\$174,111</b>   | <b>\$665,198</b>   |
| <b>Deferred Inflows of Resources</b>  |                  |                    |                    |
| Differences between expected and actual experience                            | \$775,510        | \$234,851          | \$1,010,361        |
| Changes of assumptions  | 38,409           | 1,119,905          | 1,158,314          |
| Changes in proportionate share  | 14,781           | 0                  | 14,781             |
| <b>Total Deferred Inflows of Resources</b>                                    | <b>\$828,700</b> | <b>\$1,354,756</b> | <b>\$2,183,456</b> |

\$45,024 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                             | SERS               | STRS                 | Total                |
|-----------------------------|--------------------|----------------------|----------------------|
| Fiscal Year Ending June 30: |                    |                      |                      |
| 2022                        | (\$71,642)         | (\$295,555)          | (\$367,197)          |
| 2023                        | (70,397)           | (267,582)            | (337,979)            |
| 2024                        | (70,601)           | (257,773)            | (328,374)            |
| 2025                        | (82,342)           | (251,712)            | (334,054)            |
| 2026                        | (66,521)           | (51,574)             | (118,095)            |
| Thereafter                  | (21,134)           | (56,449)             | (77,583)             |
| <b>Total</b>                | <b>(\$382,637)</b> | <b>(\$1,180,645)</b> | <b>(\$1,563,282)</b> |

# HEATH CITY SCHOOL DISTRICT

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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

#### D. Actuarial Assumptions

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

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

|  |   |
|--|---|
| Wage Inflation   | 3.00 percent  |
| Future Salary Increases, including inflation   | 3.50 percent to 18.20 percent                               |
| Investment Rate of Return  | 7.50 percent net of investment expense, including inflation |
| Municipal Bond Index Rate:   |   |
| Measurement Date   | 2.45 percent  |
| Prior Measurement Date   | 3.13 percent  |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation |   |
| Measurement Date   | 2.63 percent  |
| Prior Measurement Date   | 3.22 percent  |
| Medical Trend Assumption   |   |
| Medicare - Measurement Date  | 5.25 to 4.75 percent  |
| Pre-Medicare - Measurement Date  | 7.00 to 4.75 percent  |
| Medicare - Prior Measurement Date  | 5.25 to 4.75 percent  |
| Pre-Medicare - Prior Measurement Date  | 7.00 to 4.75 percent  |

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long Term Expected<br/>Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash                   | 2.00 %                       | 1.85 %  |
| US Stocks              | 22.50                        | 5.75  |
| Non-US Stocks          | 22.50                        | 6.50  |
| Fixed Income           | 19.00                        | 2.85  |
| Private Equity         | 12.00                        | 7.60  |
| Real Assets            | 17.00                        | 6.60  |
| Multi-Asset Strategies | 5.00                         | 6.65  |
| Total                  | <u>100.00 %</u>              |   |

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021**

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

**D. Actuarial Assumptions (Continued)**

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rates** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

|   | 1% Decrease<br>(1.63%)                        | Current<br>Discount Rate<br>(2.63%)                     | 1% Increase<br>(3.63%)                        |
|---|---|---|---|
| School District's proportionate share of the net OPEB liability | \$1,866,424                                   | \$1,524,887   | \$1,253,366                                   |
|   |   |   |   |
|   | 1% Decrease<br>(6.00% Decreasing<br>to 3.75%) | Current<br>Trend Rate<br>(7.00% Decreasing<br>to 4.75%) | 1% Increase<br>(8.00% Decreasing<br>to 5.75%) |
| School District's proportionate share of the net OPEB liability | \$1,200,732                                   | \$1,524,887   | \$1,958,364                                   |

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

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

|                            |   |
|----------------------------|---|
| Inflation                  | 2.50%   |
| Projected salary increases | 12.50% at age 20 to<br>2.50% at age 65                    |
| Investment Rate of Return  | 7.45%, net of investment<br>expenses, including inflation |
| Payroll Increases          | 3.00%   |
| Discount Rate of Return    | 7.45%   |
| Health Care Cost Trends    |   |
| Medical                    |   |
| Pre-Medicare               | 5.00% initial, 4% ultimate                                |
| Medicare                   | (6.69%) initial, 4% ultimate                              |
| Prescription Drug          |   |
| Pre-Medicare               | 6.50% initial, 4% ultimate                                |
| Medicare                   | 11.87% initial, 4% ultimate                               |

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

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

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**Benefit Term Changes Since the Prior Measurement Date** - There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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

**D. Actuarial Assumptions (Continued)**

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

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

\*Target weights will be phased in over a 24-month period concluding on  
 \*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% was used to measure the total OPEB liability as of June 30, 2020.

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**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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

**D. Actuarial Assumptions (Continued)**

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount and Health Care Cost Trend Rates*** – The net OPEB liability (asset) is sensitive to changes in the discount and health care cost trend rates. To illustrate the potential impact the following table presents the net OPEB liability (asset) calculated using the discount rate of 7.45 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent), or one percentage point higher (8.45 percent) than the current rate. Also shown is the net OPEB liability (asset) calculated using a health care cost trend rate this is one percentage point lower and one percentage point higher.

|  | 1% Decrease<br>(6.45%)       | Current<br>Discount Rate<br>(7.45%) | 1% Increase<br>(8.45%)       |
|--|------------------------------|-------------------------------------|------------------------------|
| School District's proportionate share<br>of the net OPEB liability (asset) | (\$1,025,855)                | (\$1,179,055)                       | (\$1,309,041)                |
|  |                              |                                     |                              |
|  | 1% Decrease<br>in Trend Rate | Current<br>Trend Rate               | 1% Increase<br>in Trend Rate |
| School District's proportionate share<br>of the net OPEB liability (asset) | (\$1,300,972)                | (\$1,179,055)                       | (\$1,030,543)                |

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## **HEATH CITY SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021**

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

The original amounts of the General Obligation Bonds Payable used to finance the cost of various building renovations and the cost of building a new high school and other building additions were \$993,350 and \$16,247,718. The original amount of the 2005 refunding, \$9,999,987, was used to refund the \$16,247,718 bond. The 2015 refunding of \$7,340,000 was used to partially refund the 2005 refunding. All refunded bonds have \$0 outstanding balance at June 30, 2021 because they have been called.

Detail of the changes in the bonds, capital leases payable and compensated absences of the District for the year ended June 30, 2021 is as follows:

|   |           | Balance<br>June 30, 2020 | Issued    | Retired       | Balance<br>June 30, 2021 | Due Within<br>One Year |
|---|-----------|--------------------------|-----------|---------------|--------------------------|------------------------|
| <b>Governmental Activities:</b>           |           |                          |           |               |                          |                        |
| General Obligation Bonds Payable:         |           |                          |           |               |                          |                        |
| School Improvement Bonds                  | 6.38%     | \$900,000                | \$0       | (\$5,000)     | \$895,000                | \$25,000               |
| School Improvement Bonds-Refunding-2005   | 2.75-4.2% | 216,252                  | 0         | (216,252)     | 0                        | 0                      |
| School Improvement Bonds-Refunding-2015   | 2-4%      | 6,450,000                | 0         | (60,000)      | 6,390,000                | 975,000                |
| Subtotal General Obligation Bonds Payable |           | 7,566,252                | 0         | (281,252)     | 7,285,000                | 1,000,000              |
| Premium on Refunding Bonds                |           | 313,728                  | 0         | (44,818)      | 268,910                  | 0                      |
| Interest Accretion                        |           | 775,833                  | 52,915    | (828,748)     | 0                        | 0                      |
| Total General Obligation Bonds Payable    |           | 8,655,813                | 52,915    | (1,154,818)   | 7,553,910                | 1,000,000              |
| Capital Leases                            |           | 58,472                   | 0         | (58,472)      | 0                        | 0                      |
| Compensated Absences                      |           | 1,399,278                | 258,025   | (170,040)     | 1,487,263                | 113,877                |
| Total Governmental Activities             |           | \$10,113,563             | \$310,940 | (\$1,383,330) | \$9,041,173              | \$1,113,877            |

#### **Principal and Interest Requirements**

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2021, follows:

| Years     | General Obligation<br>Bonds Payable |           |
|-----------|-------------------------------------|-----------|
|           | Principal                           | Interest  |
| 2022      | \$1,000,000                         | \$249,059 |
| 2023      | 1,135,000                           | 209,453   |
| 2024      | 1,180,000                           | 162,563   |
| 2025      | 1,225,000                           | 119,119   |
| 2026      | 1,270,000                           | 76,800    |
| 2027-2028 | 1,475,000                           | 38,128    |
| Totals    | \$7,285,000                         | \$855,122 |



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2021 the District contracted with Ohio School plan for various insurance coverages, Indian Harbor Insurance Company for cyber coverage and a Lloyd's America, Inc insurance syndicate for excess cyber insurance as follows:

| <u>Coverage</u>  | <u>Deductible</u>                                    | <u>Aggregate</u> |
|--|--|------------------|
|  | \$1,000/Comprehensive<br>for buses, \$2550 for autos |                  |
|  | \$1,000/Collision for<br>busses, \$500 for autos     | \$4,000,000      |
| Fleet Insurance  |  |                  |
| Buildings and Contents                                   | \$1,000  | \$58,972,908     |
| School District Liability                                | \$2,500  | \$4,000,000      |
| Educational Fiduciary and<br>Employee Benefits Liability | \$2,500  | \$6,000,000      |
| School Leaders Errors and<br>Omissions                   | \$2,500  | \$6,000,000      |
| Employee Theft and Crime                                 | \$500  | \$100,000        |
| Cyber  | \$5,000  | \$1,000,000      |
| Excess Cyber   | \$0  | \$1,000,000      |

Except for excess policy, crime, inland marine and computers, there has been no significant reduction in insurance coverages from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

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## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

The District was a member of a cyber risk insurance pool with other school districts that was insured by Indian Harbor Insurance Company. The pool's liability insurance was limited to \$10 million in aggregate or \$1 million per school per incident. This pool is reinsured by a Lloyd's reinsurance syndicate administered by Paragon for excess cyber coverage with a pool aggregate limit set at \$50 million or \$1 million per school per incident over and above the first cyber policy for the policy period. Coverage limits reflected in the table above are limits per pool member. The excess cyber insurance pool policy is non-licensed in the State of Ohio and is not covered by the Ohio Insurance Guaranty Association in the case of insolvency.

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

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

**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021***

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**NOTE 14 – STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts for capital acquisition into a reserve. Reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2021, the reserve activity (cash-basis) was as follows:

|  | Capital<br>Acquisition<br>Reserve |
|--|-----------------------------------|
| Set-aside Cash Balance as of June 30, 2020 | \$0                               |
| Current Year Additions                     | 318,308                           |
| Qualifying Offset                          | (226,792)                         |
| Current Year Disbursements                 | <u>(121,064)</u>                  |
| Totals                                     | <u><u>(\$29,548)</u></u>          |
| Balance Carried Forward to FY2022          | <u><u>\$0</u></u>                 |

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

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Licking Area Computer Association**

*Licking Area Computer Association* - The District is a participant in the Licking Area Computer Association (LACA) which is a computer council of governments. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of nineteen members made up of the nineteen district superintendents or their designees. The District paid LACA \$266,446 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Streby, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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

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

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

#### **NOTE 16 – CONTINGENCIES**

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

The District receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2021, if applicable, cannot be determined at this time.

##### **B. Litigation**

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2021.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **NOTE 17 – OTHER COMMITMENTS**

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

|                          |                        |
|--------------------------|------------------------|
| Governmental Funds:      |                        |
| General Fund             | \$7,430                |
| Other Governmental Funds | <u>59,975</u>          |
| Total Governmental Funds | <u><u>\$67,405</u></u> |

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

Fund Deficits - The fund deficits at June 30, 2021 of \$229,015 in the Elementary and Secondary School Emergency Relief Fund, \$39,059 in the Title VI-B Fund, \$11,617 in the Title I Fund, and \$17,016 in the Other Federal Grants Fund (special revenue funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

#### **NOTE 19 – COVID-19**

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

## **HEATH CITY SCHOOL DISTRICT**

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

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

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

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

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

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

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

Notes: The District implemented GASB Statement 68 in 2015.

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

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

See accompanying notes to the required supplementary information

**HEATH CITY SCHOOL DISTRICT**

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| 2017         | 2018         | 2019         | 2020         | 2021         |
|--------------|--------------|--------------|--------------|--------------|
| 0.06160468%  | 0.06196745%  | 0.06307086%  | 0.06481946%  | 0.06708714%  |
| \$20,620,943 | \$14,720,501 | \$13,867,866 | \$14,334,434 | \$16,232,701 |
| \$6,625,093  | \$6,743,314  | \$7,242,279  | \$7,571,543  | \$7,996,893  |
| 311.26%      | 218.30%      | 191.48%      | 189.32%      | 202.99%      |
| 66.80%       | 75.30%       | 77.30%       | 77.40%       | 75.48%       |

| 2017        | 2018        | 2019        | 2020        | 2021        |
|-------------|-------------|-------------|-------------|-------------|
| 0.06282560% | 0.06279870% | 0.06748890% | 0.06594270% | 0.06778990% |
| \$4,598,254 | \$3,752,084 | \$3,865,214 | \$3,945,467 | \$4,483,767 |
| \$1,951,129 | \$2,087,236 | \$2,127,704 | \$2,227,059 | \$2,289,671 |
| 235.67%     | 179.76%     | 181.66%     | 177.16%     | 195.83%     |
| 62.98%      | 69.50%      | 71.36%      | 70.85%      | 68.55%      |

## **HEATH CITY SCHOOL DISTRICT**

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

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

| Fiscal Year  | 2012           | 2013           | 2014           | 2015           |
|--|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$928,456      | \$866,001      | \$805,538      | \$860,131      |
| Contributions in relation to the contractually required contribution | <u>928,456</u> | <u>866,001</u> | <u>805,538</u> | <u>860,131</u> |
| Contribution deficiency (excess)                                     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     |
| District's covered payroll   | \$7,141,969    | \$6,661,546    | \$6,196,446    | \$6,143,793    |
| Contributions as a percentage of covered payroll                     | 13.00%         | 13.00%         | 13.00%         | 14.00%         |

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

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

| Fiscal Year  | 2012           | 2013           | 2014           | 2015           |
|--|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$248,002      | \$267,033      | \$211,612      | \$232,024      |
| Contributions in relation to the contractually required contribution | <u>248,002</u> | <u>267,033</u> | <u>211,612</u> | <u>232,024</u> |
| Contribution deficiency (excess)                                     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     |
| District's covered payroll   | \$1,843,881    | \$1,929,429    | \$1,526,782    | \$1,760,425    |
| Contributions as a percentage of covered payroll                     | 13.45%         | 13.84%         | 13.86%         | 13.18%         |

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

Notes: The District implemented GASB Statement 68 in 2015.

See accompanying notes to the required supplementary information



**HEATH CITY SCHOOL DISTRICT**

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

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

## **HEATH CITY SCHOOL DISTRICT**

**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits**  
**(OPEB) Liability (Asset)**  
**Last Five Fiscal Years**

**State Teachers Retirement System**

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

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

**School Employees Retirement System**

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

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

Notes: The District implemented GASB Statement 75 in 2018.

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

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

See accompanying notes to the required supplementary information

**HEATH CITY SCHOOL DISTRICT**

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| <u>2020</u>   | <u>2021</u>   |
|---------------|---------------|
| 0.06481946%   | 0.06708714%   |
| (\$1,073,566) | (\$1,179,055) |
| \$7,571,543   | \$7,996,893   |
| (14.18%)      | (14.74%)      |
| 174.74%       | 182.13%       |

| <u>2020</u> | <u>2021</u> |
|-------------|-------------|
| 0.06732910% | 0.07016370% |
| \$1,693,185 | \$1,524,887 |
| \$2,227,059 | \$2,289,671 |
| 76.03%      | 66.60%      |
| 15.57%      | 18.17%      |

## **HEATH CITY SCHOOL DISTRICT**

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

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

|  | <u>2012</u>   | <u>2013</u>   | <u>2014</u>   | <u>2015</u> |
|--|---------------|---------------|---------------|-------------|
| Contractually required contribution                                  | \$71,420      | \$66,615      | \$61,964      | \$0         |
| Contributions in relation to the contractually required contribution | <u>71,420</u> | <u>66,615</u> | <u>61,964</u> | <u>0</u>    |
| Contribution deficiency (excess)                                     | <u>\$0</u>    | <u>\$0</u>    | <u>\$0</u>    | <u>\$0</u>  |
| District's covered payroll   | \$7,141,969   | \$6,661,546   | \$6,196,446   | \$6,143,793 |
| Contributions as a percentage of covered payroll                     | 1.00%         | 1.00%         | 1.00%         | 0.00%       |

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

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

|  | <u>2012</u>   | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   |
|--|---------------|---------------|---------------|---------------|
| Contractually required contribution                                  | \$32,543      | \$28,773      | \$27,849      | \$45,014      |
| Contributions in relation to the contractually required contribution | <u>32,543</u> | <u>28,773</u> | <u>27,849</u> | <u>45,014</u> |
| Contribution deficiency (excess)                                     | <u>\$0</u>    | <u>\$0</u>    | <u>\$0</u>    | <u>\$0</u>    |
| District's covered payroll   | \$1,843,881   | \$1,929,429   | \$1,526,782   | \$1,760,425   |
| Contributions as a percentage of covered payroll                     | 1.76%         | 1.49%         | 1.82%         | 2.56%         |

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

Notes: The District implemented GASB Statement 75 in 2018.

See accompanying notes to the required supplementary information

**HEATH CITY SCHOOL DISTRICT**

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021***

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#### **NET PENSION LIABILITY**

##### **SERS**

*Changes in benefit terms* – For fiscal year 2021, 2020 and 2019, there were no changes to benefit terms. For fiscal year 2018, the following were the most significant changes in benefits that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

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

*Changes in assumptions* – For fiscal years 2021, 2020, and 2019 there were no changes in assumptions.

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021***

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#### **STRS**

*Changes in benefit terms* – For fiscal year 2021, 2020 and 2019, there were no changes to benefit terms. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017.

*Changes in assumptions* – For fiscal year 2021, 2020 and 2019, there were no changes in assumptions. For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

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

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

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

#### **SERS**

*Changes in benefit terms* – For fiscal year 2021 - 2018, there were no changes to benefit terms.

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

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

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
  - Pre-Medicare – 2019 – 7.25 to 4.75 percent, 2020 – 7.00 to 4.75

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021***

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

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

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

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

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

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

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

#### **STRS**

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

- The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021***

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

For fiscal year 2020, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2021***

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

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

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

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

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

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

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

*HEATH CITY SCHOOL DISTRICT*

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*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

# ***HEATH CITY SCHOOL DISTRICT***

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## ***Nonmajor Governmental Funds***

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

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

#### **Food Service Fund**

To record financial transactions associated with food service operations.

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

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

#### **Rotary Fund**

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

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

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

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

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

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

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

#### **Data Communications Fund**

To account for monies received to assist the District with data connectivity for student instruction and communications.

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

To account for monies received to assist the District to plan and launch health and wellness services to meet the needs of student wellness initiatives.

(Continued)

# ***HEATH CITY SCHOOL DISTRICT***

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

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### **Other State Grants Fund**

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

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

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

### **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 is not presented because there are no assets or liabilities at fiscal year end.)

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

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

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

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

### **Title I Fund**

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

### **IDEA Preschool Grant for the Handicapped Fund**

To account for federal grant funds to be used for the improvement and expansion of services for handicapped children ages three (3) through five (5) years. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

### **Improving Teacher Quality Fund**

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

### **Other Federal Grants Fund**

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

(Continued)

***HEATH CITY SCHOOL DISTRICT***

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***Nonmajor Governmental Funds (Continued)***

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***Capital Projects Funds***

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

**Permanent Improvement Fund**

To account for financial resources to be used for the acquisition of major capital assets.

**Building Fund**

To account for the acquisition, construction and improvement of capital facilities as authorized by Chapter 5705 of the Ohio Revised Code.

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021***

|  | Nonmajor<br>Special<br>Revenue Funds | Nonmajor<br>Capital Projects<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
|--|--------------------------------------|---------------------------------------|---|
| <b>Assets:</b>   |                                      |                                       |   |
| Cash and Cash Equivalents  | \$ 443,434                           | \$ 373,934                            | \$ 817,368                              |
| Receivables:   |                                      |                                       |   |
| Taxes  | 0                                    | 1,372,541                             | 1,372,541                               |
| Accounts   | 10,347                               | 0                                     | 10,347                                  |
| Intergovernmental  | 283,044                              | 0                                     | 283,044                                 |
| Interest   | 0                                    | 3,044                                 | 3,044                                   |
| Inventory  | 13,391                               | 0                                     | 13,391                                  |
| Prepaid Items  | 55,466                               | 0                                     | 55,466                                  |
| <b>Total Assets</b>  | <b>\$ 805,682</b>                    | <b>\$ 1,749,519</b>                   | <b>\$ 2,555,201</b>                     |
| <b>Liabilities:</b>  |                                      |                                       |   |
| Accounts Payable   | \$ 104,243                           | \$ 40,125                             | \$ 144,368                              |
| Accrued Wages and Benefits   | 186,693                              | 0                                     | 186,693                                 |
| Intergovernmental Payable  | 22,593                               | 0                                     | 22,593                                  |
| Interfund Loans Payable  | 197,000                              | 0                                     | 197,000                                 |
| <b>Total Liabilities</b>   | <b>510,529</b>                       | <b>40,125</b>                         | <b>550,654</b>                          |
| <b>Deferred Inflows of Resources:</b>  |                                      |                                       |   |
| Property Taxes   | 0                                    | 1,292,617                             | 1,292,617                               |
| Unavailable Revenue  | 235,362                              | 13,289                                | 248,651                                 |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>235,362</b>                       | <b>1,305,906</b>                      | <b>1,541,268</b>                        |
| <b>Fund Balances:</b>  |                                      |                                       |   |
| Nonspendable   | 68,857                               | 0                                     | 68,857                                  |
| Restricted   | 301,397                              | 403,488                               | 704,885                                 |
| Unassigned   | (310,463)                            | 0                                     | (310,463)                               |
| <b>Total Fund Balances</b>   | <b>59,791</b>                        | <b>403,488</b>                        | <b>463,279</b>                          |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> | <b>\$ 805,682</b>                    | <b>\$ 1,749,519</b>                   | <b>\$ 2,555,201</b>                     |

## **HEATH CITY SCHOOL DISTRICT**

### **Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2021**

|  | Nonmajor<br>Special<br>Revenue Funds | Nonmajor<br>Capital Projects<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
|--|--------------------------------------|---------------------------------------|---|
| <b>Revenues:</b>                                     |                                      |                                       |   |
| Local Sources:                                       |                                      |                                       |   |
| Taxes  | \$ 0                                 | \$ 885,661                            | \$ 885,661                              |
| Food Services  | 169,945                              | 0                                     | 169,945                                 |
| Investment Earnings                                  | 0                                    | 21,564                                | 21,564                                  |
| Extracurricular Activities                           | 130,079                              | 0                                     | 130,079                                 |
| Intergovernmental - State                            | 368,618                              | 29,147                                | 397,765                                 |
| Intergovernmental - Federal                          | 2,059,005                            | 0                                     | 2,059,005                               |
| All Other Revenue                                    | 42,684                               | 0                                     | 42,684                                  |
| <b>Total Revenue</b>                                 | <b>2,770,331</b>                     | <b>936,372</b>                        | <b>3,706,703</b>                        |
| <b>Expenditures:</b>                                 |                                      |                                       |   |
| Current:   |                                      |                                       |   |
| Instruction  | 976,279                              | 250,055                               | 1,226,334                               |
| Supporting Services:                                 |                                      |                                       |   |
| Pupils   | 553,388                              | 0                                     | 553,388                                 |
| Instructional Staff                                  | 57,715                               | 0                                     | 57,715                                  |
| Administration                                       | 46,597                               | 0                                     | 46,597                                  |
| Fiscal Services                                      | 0                                    | 12,979                                | 12,979                                  |
| Pupil Transportation                                 | 48,993                               | 78,812                                | 127,805                                 |
| Central  | 36,128                               | 5,636                                 | 41,764                                  |
| Operation of Non-Instructional Services:             |                                      |                                       |   |
| Food Service Operations                              | 928,547                              | 0                                     | 928,547                                 |
| Extracurricular Activities                           | 225,872                              | 0                                     | 225,872                                 |
| Capital Outlay                                       | 53,596                               | 714,050                               | 767,646                                 |
| <b>Total Expenditures</b>                            | <b>2,927,115</b>                     | <b>1,061,532</b>                      | <b>3,988,647</b>                        |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (156,784)                            | (125,160)                             | (281,944)                               |
| <b>Other Financing Sources (Uses):</b>               |                                      |                                       |   |
| Transfers In   | 80,000                               | 0                                     | 80,000                                  |
| <b>Total Other Financing Sources (Uses)</b>          | <b>80,000</b>                        | <b>0</b>                              | <b>80,000</b>                           |
| Net Change in Fund Balance                           | (76,784)                             | (125,160)                             | (201,944)                               |
| <b>Fund Balances at Beginning of Year, Restated</b>  | <b>144,262</b>                       | <b>528,648</b>                        | <b>672,910</b>                          |
| Increase in Inventory                                | (7,687)                              | 0                                     | (7,687)                                 |
| <b>Fund Balances End of Year</b>                     | <b>\$ 59,791</b>                     | <b>\$ 403,488</b>                     | <b>\$ 463,279</b>                       |



## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2021***

|  | Food Service      | Student Managed<br>Activity | District Managed<br>Student Activity | Data<br>Communication |
|--|-------------------|-----------------------------|--------------------------------------|-----------------------|
| <b>Assets:</b>   |                   |                             |                                      |                       |
| Cash and Cash Equivalents  | \$ 128,179        | \$ 54,168                   | \$ 60,467                            | \$ 437                |
| Receivables:   |                   |                             |                                      |                       |
| Accounts   | 10,347            | 0                           | 0                                    | 0                     |
| Intergovernmental  | 0                 | 0                           | 0                                    | 0                     |
| Inventory  | 13,391            | 0                           | 0                                    | 0                     |
| Prepaid Items  | 13,013            | 0                           | 0                                    | 0                     |
| <b>Total Assets</b>  | <u>\$ 164,930</u> | <u>\$ 54,168</u>            | <u>\$ 60,467</u>                     | <u>\$ 437</u>         |
| <b>Liabilities:</b>  |                   |                             |                                      |                       |
| Accounts Payable   | \$ 39,851         | \$ 0                        | \$ 7,690                             | \$ 0                  |
| Accrued Wages and Benefits   | 47,714            | 0                           | 587                                  | 0                     |
| Intergovernmental Payable  | 11,348            | 0                           | 91                                   | 0                     |
| Interfund Loans Payable  | 0                 | 0                           | 0                                    | 0                     |
| <b>Total Liabilities</b>   | <u>98,913</u>     | <u>0</u>                    | <u>8,368</u>                         | <u>0</u>              |
| <b>Deferred Inflows of Resources:</b>  |                   |                             |                                      |                       |
| Unavailable Revenue  | 0                 | 0                           | 0                                    | 0                     |
| <b>Total Deferred Inflows of Resources</b>                                     | <u>0</u>          | <u>0</u>                    | <u>0</u>                             | <u>0</u>              |
| <b>Fund Balances:</b>  |                   |                             |                                      |                       |
| Nonspendable   | 26,404            | 0                           | 0                                    | 0                     |
| Restricted   | 39,613            | 54,168                      | 52,099                               | 437                   |
| Unassigned   | 0                 | 0                           | 0                                    | 0                     |
| <b>Total Fund Balances (Deficit)</b>   | <u>66,017</u>     | <u>54,168</u>               | <u>52,099</u>                        | <u>437</u>            |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> | <u>\$ 164,930</u> | <u>\$ 54,168</u>            | <u>\$ 60,467</u>                     | <u>\$ 437</u>         |

(Continued)

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2021***

|  | Student Wellness<br>and Success | Other State<br>Grants | Elementary and<br>Secondary<br>School<br>Emergency Relief | Title VI-B       |
|--|---------------------------------|-----------------------|---|------------------|
| <b>Assets:</b>   |                                 |                       |   |                  |
| Cash and Cash Equivalents  | \$ 187,829                      | \$ 0                  | \$ 1,181  | \$ 5,954         |
| Receivables:   |                                 |                       |   |                  |
| Accounts   | 0                               | 0                     | 0   | 0                |
| Intergovernmental  | 0                               | 0                     | 221,391   | 23,046           |
| Inventory  | 0                               | 0                     | 0   | 0                |
| Prepaid Items  | 4,697                           | 24,000                | 2,780   | 5,296            |
| <b>Total Assets</b>  | <b>\$ 192,526</b>               | <b>\$ 24,000</b>      | <b>\$ 225,352</b>   | <b>\$ 34,296</b> |
| <b>Liabilities:</b>  |                                 |                       |   |                  |
| Accounts Payable   | \$ 0                            | \$ 0                  | \$ 35,538   | \$ 0             |
| Accrued Wages and Benefits   | 29,054                          | 0                     | 49,282  | 42,843           |
| Intergovernmental Payable  | 4,611                           | 0                     | 3,840   | 1,512            |
| Interfund Loans Payable  | 0                               | 0                     | 154,000   | 29,000           |
| <b>Total Liabilities</b>   | <b>33,665</b>                   | <b>0</b>              | <b>242,660</b>  | <b>73,355</b>    |
| <b>Deferred Inflows of Resources:</b>  |                                 |                       |   |                  |
| Unavailable Revenue  | 0                               | 0                     | 211,707   | 0                |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>0</b>                        | <b>0</b>              | <b>211,707</b>  | <b>0</b>         |
| <b>Fund Balances:</b>  |                                 |                       |   |                  |
| Nonspendable   | 4,697                           | 24,000                | 2,780   | 5,296            |
| Restricted   | 154,164                         | 0                     | 0   | 0                |
| Unassigned   | 0                               | 0                     | (231,795)   | (44,355)         |
| <b>Total Fund Balances (Deficit)</b>   | <b>158,861</b>                  | <b>24,000</b>         | <b>(229,015)</b>  | <b>(39,059)</b>  |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> | <b>\$ 192,526</b>               | <b>\$ 24,000</b>      | <b>\$ 225,352</b>   | <b>\$ 34,296</b> |

**HEATH CITY SCHOOL DISTRICT**

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| Title III<br>Limited English<br>Proficiency | Title I          | Other Federal<br>Grants | Total Nonmajor<br>Special Revenue<br>Funds |
|---|------------------|-------------------------|--|
| \$ 1,204                                    | \$ 2,091         | \$ 1,924                | \$ 443,434                                 |
| 0   | 0                | 0                       | 10,347                                     |
| 0   | 9,910            | 28,697                  | 283,044                                    |
| 0   | 0                | 0                       | 13,391                                     |
| 0   | 5,680            | 0                       | 55,466                                     |
| <u>\$ 1,204</u>                             | <u>\$ 17,681</u> | <u>\$ 30,621</u>        | <u>\$ 805,682</u>                          |
| \$ 288                                      | \$ 0             | \$ 20,876               | \$ 104,243                                 |
| 0   | 17,213           | 0                       | 186,693                                    |
| 0   | 85               | 1,106                   | 22,593                                     |
| 0   | 12,000           | 2,000                   | 197,000                                    |
| <u>288</u>                                  | <u>29,298</u>    | <u>23,982</u>           | <u>510,529</u>                             |
| <u>0</u>                                    | <u>0</u>         | <u>23,655</u>           | <u>235,362</u>                             |
| <u>0</u>                                    | <u>0</u>         | <u>23,655</u>           | <u>235,362</u>                             |
| 0   | 5,680            | 0                       | 68,857                                     |
| 916   | 0                | 0                       | 301,397                                    |
| 0   | (17,297)         | (17,016)                | (310,463)                                  |
| <u>916</u>                                  | <u>(11,617)</u>  | <u>(17,016)</u>         | <u>59,791</u>                              |
| <u>\$ 1,204</u>                             | <u>\$ 17,681</u> | <u>\$ 30,621</u>        | <u>\$ 805,682</u>                          |

## HEATH CITY SCHOOL DISTRICT

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2021

|  | Food Service     | Student<br>Managed<br>Activity | District<br>Managed<br>Student<br>Activity | Data<br>Communication |
|--|------------------|--------------------------------|--|-----------------------|
| <b>Revenues:</b>                                   |                  |                                |  |                       |
| Local Sources:                                     |                  |                                |  |                       |
| Food Services                                      | \$ 169,945       | \$ 0                           | \$ 0                                       | \$ 0                  |
| Extracurricular Activities                         | 0                | 23,855                         | 106,224                                    | 0                     |
| Class Materials and Fees                           | 0                | 0                              | 0  | 0                     |
| Intergovernmental - State                          | 7,125            | 0                              | 0  | 7,200                 |
| Intergovernmental - Federal                        | 745,095          | 0                              | 0  | 0                     |
| All Other Revenue                                  | 0                | 7,800                          | 34,884                                     | 0                     |
| <b>Total Revenue</b>                               | <b>922,165</b>   | <b>31,655</b>                  | <b>141,108</b>                             | <b>7,200</b>          |
| <b>Expenditures:</b>                               |                  |                                |  |                       |
| Current:   |                  |                                |  |                       |
| Instruction  | 0                | 0                              | 0  | 0                     |
| Supporting Services:                               |                  |                                |  |                       |
| Pupils   | 0                | 0                              | 0  | 0                     |
| Instructional Staff                                | 0                | 0                              | 0  | 0                     |
| Administration                                     | 0                | 0                              | 0  | 0                     |
| Pupil Transportation                               | 0                | 0                              | 0  | 0                     |
| Central  | 0                | 0                              | 0  | 7,193                 |
| Operation of Non-Instructional Services:           |                  |                                |  |                       |
| Food Service Operations                            | 928,547          | 0                              | 0  | 0                     |
| Extracurricular Activities                         | 0                | 28,489                         | 197,383                                    | 0                     |
| Capital Outlay                                     | 0                | 0                              | 0  | 0                     |
| <b>Total Expenditures</b>                          | <b>928,547</b>   | <b>28,489</b>                  | <b>197,383</b>                             | <b>7,193</b>          |
| Excess (Deficiency) of Revenues                    |                  |                                |  |                       |
| Over Expenditures                                  | (6,382)          | 3,166                          | (56,275)                                   | 7                     |
| <b>Other Financing Sources (Uses):</b>             |                  |                                |  |                       |
| Transfers In                                       | 0                | 0                              | 80,000                                     | 0                     |
| <b>Total Other Financing Sources (Uses)</b>        | <b>0</b>         | <b>0</b>                       | <b>80,000</b>                              | <b>0</b>              |
| Net Change in Fund Balance                         | (6,382)          | 3,166                          | 23,725                                     | 7                     |
| <b>Fund Balances at Beginning of Year Restated</b> | <b>80,086</b>    | <b>51,002</b>                  | <b>28,374</b>                              | <b>430</b>            |
| Decrease in Inventory                              | (7,687)          | 0                              | 0  | 0                     |
| <b>Fund Balances End of Year</b>                   | <b>\$ 66,017</b> | <b>\$ 54,168</b>               | <b>\$ 52,099</b>                           | <b>\$ 437</b>         |

**HEATH CITY SCHOOL DISTRICT**

| Student<br>Wellness and<br>Success | Other State<br>Grants | Elementary and<br>Secondary<br>School<br>Emergency Relief | Coronavirus<br>Relief | Title VI-B         | Title III<br>Limited English<br>Proficiency |
|------------------------------------|-----------------------|---|-----------------------|--------------------|---|
| \$ 0                               | \$ 0                  | \$ 0  | \$ 0                  | \$ 0               | \$ 0  |
| 0                                  | 0                     | 0   | 0                     | 0                  | 0   |
| 0                                  | 0                     | 0   | 0                     | 0                  | 0   |
| 313,205                            | 41,088                | 0   | 0                     | 0                  | 0   |
| 0                                  | 0                     | 170,879   | 147,162               | 449,521            | 1,587                                       |
| 0                                  | 0                     | 0   | 0                     | 0                  | 0   |
| <u>313,205</u>                     | <u>41,088</u>         | <u>170,879</u>  | <u>147,162</u>        | <u>449,521</u>     | <u>1,587</u>                                |
| 0                                  | 0                     | 207,596   | 147,162               | 250,304            | 994   |
| 216,812                            | 0                     | 138,702   | 0                     | 157,792            | 0   |
| 0                                  | 3,487                 | 0   | 0                     | 0                  | 0   |
| 0                                  | 0                     | 0   | 0                     | 25,662             | 0   |
| 0                                  | 41,088                | 0   | 0                     | 0                  | 0   |
| 0                                  | 8,000                 | 0   | 0                     | 0                  | 0   |
| 0                                  | 0                     | 0   | 0                     | 0                  | 0   |
| 0                                  | 0                     | 0   | 0                     | 0                  | 0   |
| 0                                  | 0                     | 53,596  | 0                     | 0                  | 0   |
| <u>216,812</u>                     | <u>52,575</u>         | <u>399,894</u>  | <u>147,162</u>        | <u>433,758</u>     | <u>994</u>                                  |
| 96,393                             | (11,487)              | (229,015)   | 0                     | 15,763             | 593   |
| <u>0</u>                           | <u>0</u>              | <u>0</u>  | <u>0</u>              | <u>0</u>           | <u>0</u>                                    |
| <u>0</u>                           | <u>0</u>              | <u>0</u>  | <u>0</u>              | <u>0</u>           | <u>0</u>                                    |
| 96,393                             | (11,487)              | (229,015)   | 0                     | 15,763             | 593   |
| 62,468                             | 35,487                | 0   | 0                     | (54,822)           | 323   |
| 0                                  | 0                     | 0   | 0                     | 0                  | 0   |
| <u>\$ 158,861</u>                  | <u>\$ 24,000</u>      | <u>\$ (229,015)</u>                                       | <u>\$ 0</u>           | <u>\$ (39,059)</u> | <u>\$ 916</u>                               |

(Continued)

## HEATH CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021**

|  | Title I            | IDEA<br>Preschool<br>Grant for the<br>Handicapped | Improving<br>Teacher<br>Quality | Other Federal<br>Grants |
|--|--------------------|---|---------------------------------|-------------------------|
| <b>Revenues:</b>                                   |                    |   |                                 |                         |
| Local Sources:                                     |                    |   |                                 |                         |
| Food Services                                      | \$ 0               | \$ 0  | \$ 0                            | \$ 0                    |
| Extracurricular Activities                         | 0                  | 0   | 0                               | 0                       |
| Class Materials and Fees                           | 0                  | 0   | 0                               | 0                       |
| Intergovernmental - State                          | 0                  | 0   | 0                               | 0                       |
| Intergovernmental - Federal                        | 309,315            | 7,905   | 43,293                          | 184,248                 |
| All Other Revenue                                  | 0                  | 0   | 0                               | 0                       |
| <b>Total Revenue</b>                               | <b>309,315</b>     | <b>7,905</b>                                      | <b>43,293</b>                   | <b>184,248</b>          |
| <b>Expenditures:</b>                               |                    |   |                                 |                         |
| Current:   |                    |   |                                 |                         |
| Instruction  | 264,300            | 0   | 0                               | 105,923                 |
| Supporting Services:                               |                    |   |                                 |                         |
| Pupils   | 0                  | 0   | 0                               | 40,082                  |
| Instructional Staff                                | 0                  | 0   | 43,293                          | 10,935                  |
| Administration                                     | 0                  | 0   | 0                               | 20,935                  |
| Pupil Transportation                               | 0                  | 7,905   | 0                               | 0                       |
| Central  | 0                  | 0   | 0                               | 20,935                  |
| Operation of Non-Instructional Services:           |                    |   |                                 |                         |
| Food Service Operations                            | 0                  | 0   | 0                               | 0                       |
| Extracurricular Activities                         | 0                  | 0   | 0                               | 0                       |
| Capital Outlay                                     | 0                  | 0   | 0                               | 0                       |
| <b>Total Expenditures</b>                          | <b>264,300</b>     | <b>7,905</b>                                      | <b>43,293</b>                   | <b>198,810</b>          |
| Excess (Deficiency) of Revenues                    |                    |   |                                 |                         |
| Over Expenditures                                  | 45,015             | 0   | 0                               | (14,562)                |
| <b>Other Financing Sources (Uses):</b>             |                    |   |                                 |                         |
| Transfers In                                       | 0                  | 0   | 0                               | 0                       |
| <b>Total Other Financing Sources (Uses)</b>        | <b>0</b>           | <b>0</b>  | <b>0</b>                        | <b>0</b>                |
| Net Change in Fund Balance                         | 45,015             | 0   | 0                               | (14,562)                |
| <b>Fund Balances at Beginning of Year Restated</b> | <b>(56,632)</b>    | <b>0</b>  | <b>0</b>                        | <b>(2,454)</b>          |
| Decrease in Inventory                              | 0                  | 0   | 0                               | 0                       |
| <b>Fund Balances End of Year</b>                   | <b>\$ (11,617)</b> | <b>\$ 0</b>                                       | <b>\$ 0</b>                     | <b>\$ (17,016)</b>      |

**HEATH CITY SCHOOL DISTRICT**

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Total Nonmajor  
Special  
Revenue Funds

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\$ 169,945  
130,079  
0  
368,618  
2,059,005  
42,684  

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2,770,331

976,279

553,388  
57,715  
46,597  
48,993  
36,128

928,547  
225,872  
53,596

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2,927,115

(156,784)

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80,000

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80,000

(76,784)

144,262  
(7,687)

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\$ 59,791

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## **HEATH CITY SCHOOL DISTRICT**

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***Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2021***

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|  | Permanent<br>Improvement | Building         | Total Nonmajor<br>Capital Projects<br>Funds |
|--|--------------------------|------------------|---|
| <b>Assets:</b>   |                          |                  |   |
| Cash and Cash Equivalents  | \$ 346,814               | \$ 27,120        | \$ 373,934                                  |
| Receivables:   |                          |                  |   |
| Taxes  | 1,372,541                | 0                | 1,372,541                                   |
| Interest   | 3,044                    | 0                | 3,044                                       |
| <b>Total Assets</b>  | <u>\$ 1,722,399</u>      | <u>\$ 27,120</u> | <u>\$ 1,749,519</u>                         |
| <b>Liabilities:</b>  |                          |                  |   |
| Accounts Payable   | \$ 40,125                | \$ 0             | \$ 40,125                                   |
| <b>Total Liabilities</b>   | <u>40,125</u>            | <u>0</u>         | <u>40,125</u>                               |
| <b>Deferred Inflows of Resources:</b>  |                          |                  |   |
| Property Taxes   | 1,292,617                | 0                | 1,292,617                                   |
| Unavailable Revenue  | 13,289                   | 0                | 13,289                                      |
| <b>Total Deferred Inflows of Resources</b>                                     | <u>1,305,906</u>         | <u>0</u>         | <u>1,305,906</u>                            |
| <b>Fund Balances:</b>  |                          |                  |   |
| Restricted   | 376,368                  | 27,120           | 403,488                                     |
| <b>Total Fund Balances</b>   | <u>376,368</u>           | <u>27,120</u>    | <u>403,488</u>                              |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> | <u>\$ 1,722,399</u>      | <u>\$ 27,120</u> | <u>\$ 1,749,519</u>                         |



## **HEATH CITY SCHOOL DISTRICT**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2021***

|  | Permanent<br>Improvement | Building  | Total Nonmajor<br>Capital Projects<br>Funds |
|--|--------------------------|-----------|---|
| <b>Revenues:</b>   |                          |           |   |
| Local Sources:   |                          |           |   |
| Taxes  | \$ 885,661               | \$ 0      | \$ 885,661                                  |
| Investment Earnings  | 20,888                   | 676       | 21,564                                      |
| Intergovernmental - State                                    | 29,147                   | 0         | 29,147                                      |
| <b>Total Revenue</b>   | 935,696                  | 676       | 936,372                                     |
| <b>Expenditures:</b>   |                          |           |   |
| Current:   |                          |           |   |
| Instruction  | 250,055                  | 0         | 250,055                                     |
| Supporting Services:   |                          |           |   |
| Fiscal Services  | 12,979                   | 0         | 12,979                                      |
| Pupil Transportation   | 78,812                   | 0         | 78,812                                      |
| Central  | 5,636                    | 0         | 5,636                                       |
| Capital Outlay   | 714,050                  | 0         | 714,050                                     |
| <b>Total Expenditures</b>                                    | 1,061,532                | 0         | 1,061,532                                   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (125,836)                | 676       | (125,160)                                   |
| <b>Other Financing Sources (Uses):</b>                       |                          |           |   |
| Net Change in Fund Balance                                   | (125,836)                | 676       | (125,160)                                   |
| <b>Fund Balances at Beginning of Year</b>                    | 502,204                  | 26,444    | 528,648                                     |
| <b>Fund Balances End of Year</b>                             | \$ 376,368               | \$ 27,120 | \$ 403,488                                  |

## **HEATH CITY SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Debt Service Fund – Bond Retirement Fund  
For the Fiscal Year Ended June 30, 2021***

|                                   | Final Budget | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------|--------------|---|
| <b>Revenues:</b>                  |              |              |   |
| Taxes                             | \$ 1,439,002 | \$ 1,439,002 | \$ 0  |
| Intergovernmental - State         | 240,982      | 240,982      | 0   |
| Total Revenues                    | 1,679,984    | 1,679,984    | 0   |
| <b>Expenditures:</b>              |              |              |   |
| Current:                          |              |              |   |
| Support Services:                 |              |              |   |
| Fiscal Services                   | 22,099       | 22,099       | 0   |
| Total Support Services            | 22,099       | 22,099       | 0   |
| Debt Service:                     |              |              |   |
| Principal Retirement              | 1,110,000    | 1,110,000    | 0   |
| Interest and Fiscal Charges       | 265,325      | 265,241      | 84  |
| Total Debt Service                | 1,375,325    | 1,375,241    | 84  |
| Total Expenditures                | 1,397,424    | 1,397,340    | 84  |
| Excess (Deficiency) of Revenues   |              |              |   |
| Over (Under) Expenditures         | 282,560      | 282,644      | 84  |
| Fund Balance at Beginning of Year | 1,596,357    | 1,596,357    | 0   |
| Fund Balance at End of Year       | \$ 1,878,917 | \$ 1,879,001 | \$ 84   |

## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

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|                                   | <u>Final Budget</u> | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|-------------------|---|
| <b>Revenues:</b>                  |                     |                   |   |
| Food Services                     | \$ 134,546          | \$ 167,254        | \$ 32,708   |
| Intergovernmental - State         | 21,819              | 7,125             | (14,694)  |
| Intergovernmental - Federal       | 757,933             | 668,179           | (89,754)  |
| Total Revenues                    | <u>914,298</u>      | <u>842,558</u>    | <u>(71,740)</u>   |
| <b>Expenditures:</b>              |                     |                   |   |
| Non-Instructional Services:       |                     |                   |   |
| Food Service Operations           | <u>805,100</u>      | <u>802,172</u>    | <u>2,928</u>  |
| Total Expenditures                | <u>805,100</u>      | <u>802,172</u>    | <u>2,928</u>  |
| Excess (Deficiency) of Revenues   |                     |                   |   |
| Over (Under) Expenditures         | 109,198             | 40,386            | (68,812)  |
| Fund Balance at Beginning of Year |                     |                   |   |
| Fund Balance at End of Year       | <u>\$ 196,991</u>   | <u>\$ 128,179</u> | <u>\$ (68,812)</u>                                      |

## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

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|  | Final Budget     | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|
| <b>UNIFORM SCHOOL SUPPLY FUND</b>                            |                  |                  |   |
| <b>Revenues:</b>   |                  |                  |   |
| Class Material and Fees                                      | \$ 73,211        | \$ 72,303        | \$ (908)  |
| Total Revenues   | <u>73,211</u>    | <u>72,303</u>    | <u>(908)</u>  |
| <b>Expenditures:</b>   |                  |                  |   |
| Instructional Services                                       | 70,530           | 69,812           | 718   |
| Support Services:  |                  |                  |   |
| Central  | <u>21,900</u>    | <u>21,834</u>    | <u>66</u>   |
| Total Expenditures   | <u>92,430</u>    | <u>91,646</u>    | <u>784</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (19,219)         | (19,343)         | (124)   |
| <b>Other Financing Sources (Uses):</b>                       |                  |                  |   |
| Transfers In   | <u>13,989</u>    | <u>13,989</u>    | <u>0</u>  |
| Total Other Financing Sources (Uses):                        | <u>13,989</u>    | <u>13,989</u>    | <u>0</u>  |
| Net Change in Fund Balance                                   | (5,230)          | (5,354)          | (124)   |
| Fund Balance at Beginning of Year                            | <u>69,872</u>    | <u>69,872</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 64,642</u> | <u>\$ 64,518</u> | <u>\$ (124)</u>   |

## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

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| <b>ROTARY FUND</b>   |                     |                 |   |
|--|---------------------|-----------------|---|
|  | <u>Final Budget</u> | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |                     |                 |   |
| All Other Revenues   | \$ 3,819            | \$ 3,819        | \$ 0  |
| Total Revenues   | <u>3,819</u>        | <u>3,819</u>    | <u>0</u>  |
| <b>Expenditures:</b>   |                     |                 |   |
| Instructional Services                                       | <u>4,500</u>        | <u>4,472</u>    | <u>28</u>   |
| Total Expenditures   | <u>4,500</u>        | <u>4,472</u>    | <u>28</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (681)               | (653)           | 28  |
| Fund Balance at Beginning of Year                            | <u>9,771</u>        | <u>9,771</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 9,090</u>     | <u>\$ 9,118</u> | <u>\$ 28</u>  |

## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

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| <b>PUBLIC SCHOOL SUPPORT FUND</b>                            |                     |                   |   |
|--|---------------------|-------------------|---|
|  | <u>Final Budget</u> | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |                     |                   |   |
| All Other Revenues   | \$ 33,156           | \$ 41,144         | \$ 7,988  |
| Total Revenues   | <u>33,156</u>       | <u>41,144</u>     | <u>7,988</u>  |
| <b>Expenditures:</b>   |                     |                   |   |
| Instructional Services                                       | 9,388               | 8,425             | 963   |
| Support Services:  |                     |                   |   |
| Pupils   | 11,375              | 9,893             | 1,482   |
| Instructional Staff  | 10,100              | 10,029            | 71  |
| Administration   | 4,431               | 3,530             | 901   |
| Central  | 5,483               | 5,217             | 266   |
| Extracurricular  | 10,300              | 10,284            | 16  |
| Capital Outlay   | 1,900               | 1,898             | 2   |
| Total Expenditures   | <u>52,977</u>       | <u>49,276</u>     | <u>3,701</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (19,821)            | (8,132)           | 11,689  |
| Fund Balance at Beginning of Year                            | 212,666             | 212,666           | 0   |
| Fund Balance at End of Year                                  | <u>\$ 192,845</u>   | <u>\$ 204,534</u> | <u>\$ 11,689</u>  |

## **HEATH CITY SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

|  | <u>Final Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|------------------|---|
| <b>STUDENT MANAGED ACTIVITY FUND</b>                         |                     |                  |   |
| <b>Revenues:</b>   |                     |                  |   |
| Extracurricular Activities                                   | \$ 21,609           | \$ 23,855        | \$ 2,246  |
| All Other Revenues   | 7,300               | 7,800            | 500   |
| Total Revenues   | <u>28,909</u>       | <u>31,655</u>    | <u>2,746</u>  |
| <b>Expenditures:</b>   |                     |                  |   |
| Extracurricular Activities                                   | 30,208              | 28,489           | 1,719   |
| Total Expenditures   | <u>30,208</u>       | <u>28,489</u>    | <u>1,719</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (1,299)             | 3,166            | 4,465   |
| <b>Other Financing Sources (Uses):</b>                       |                     |                  |   |
| Transfers In   | 4,711               | 0                | (4,711)   |
| Transfers Out  | (4,711)             | 0                | 4,711   |
| Total Other Financing Sources (Uses)                         | <u>0</u>            | <u>0</u>         | <u>0</u>  |
| Net Change in Fund Balance                                   | (1,299)             | 3,166            | 4,465   |
| Fund Balance at Beginning of Year                            | 51,002              | 51,002           | 0   |
| Fund Balance at End of Year                                  | <u>\$ 49,703</u>    | <u>\$ 54,168</u> | <u>\$ 4,465</u>   |

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

|  | Final Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------|-----------|---|
| <b>DISTRICT MANAGED STUDENT ACTIVITY FUND</b>                |              |           |   |
| <b>Revenues:</b>   |              |           |   |
| Investment Earnings  | \$ 0         | \$ 0      | \$ 0  |
| Extracurricular Activities                                   | 95,259       | 106,224   | 10,965  |
| All Other Revenues   | 33,817       | 34,884    | 1,067   |
| Total Revenues   | 129,076      | 141,108   | 12,032  |
| <b>Expenditures:</b>   |              |           |   |
| Extracurricular Activities                                   | 189,900      | 189,015   | 885   |
| Total Expenditures   | 189,900      | 189,015   | 885   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (60,824)     | (47,907)  | 12,917  |
| <b>Other Financing Sources (Uses):</b>                       |              |           |   |
| Transfers In   | 95,000       | 80,000    | (15,000)  |
| Advances Out   | (15,000)     | 0         | 15,000  |
| Total Other Financing Sources (Uses)                         | 80,000       | 80,000    | 0   |
| Net Change in Fund Balance                                   | 19,176       | 32,093    | 12,917  |
| Fund Balance at Beginning of Year                            | 28,174       | 28,174    | 0   |
| Prior Year Encumbrances                                      | 200          | 200       | 0   |
| Fund Balance at End of Year                                  | \$ 47,550    | \$ 60,467 | \$ 12,917   |



## HEATH CITY SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021*

### DATA COMMUNICATIONS FUND

|  | Final Budget | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------|----------|---|
| <b>Revenues:</b>   |              |          |   |
| Intergovernmental - State                                    | \$ 7,200     | \$ 7,200 | \$ 0  |
| Total Revenues   | 7,200        | 7,200    | 0   |
| <b>Expenditures:</b>   |              |          |   |
| Support Services:  |              |          |   |
| Central  | 10,800       | 10,363   | 437   |
| Total Expenditures   | 10,800       | 10,363   | 437   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (3,600)      | (3,163)  | 437   |
| Fund Balance at Beginning of Year                            | 3,600        | 3,600    | 0   |
| Fund Balance at End of Year                                  | \$ 0         | \$ 437   | \$ 437  |

## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

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### STUDENT WELLNESS AND SUCCESS FUND

|  | <u>Final Budget</u> | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|-------------------|---|
| <b>Revenues:</b>   |                     |                   |   |
| Intergovernmental - State                                    | \$ 313,205          | \$ 313,205        | \$ 0  |
| Total Revenues   | <u>313,205</u>      | <u>313,205</u>    | <u>0</u>  |
| <b>Expenditures:</b>   |                     |                   |   |
| Support Services:  |                     |                   |   |
| Pupils   | 217,500             | 215,600           | 1,900   |
| Total Expenditures   | <u>217,500</u>      | <u>215,600</u>    | <u>1,900</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 95,705              | 97,605            | 1,900   |
| Fund Balance at Beginning of Year                            | 90,224              | 90,224            | 0   |
| Fund Balance at End of Year                                  | <u>\$ 185,929</u>   | <u>\$ 187,829</u> | <u>\$ 1,900</u>   |

## **HEATH CITY SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

| <b>OTHER STATE GRANTS FUND</b>                               |                     |               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------|---|
|  | <u>Final Budget</u> | <u>Actual</u> | <u></u>   |
| <b>Revenues:</b>   |                     |               |   |
| Intergovernmental - State                                    | \$ 41,088           | \$ 41,088     | \$ 0  |
| Total Revenues   | <u>41,088</u>       | <u>41,088</u> | <u>0</u>  |
| <b>Expenditures:</b>   |                     |               |   |
| Support Services:  |                     |               |   |
| Instructional Staff  | 3,487               | 3,487         | 0   |
| Pupil Transportation   | 41,088              | 41,088        | 0   |
| Total Expenditures   | <u>44,575</u>       | <u>44,575</u> | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (3,487)             | (3,487)       | 0   |
| Fund Balance at Beginning of Year                            | 3,487               | 3,487         | 0   |
| Fund Balance at End of Year                                  | <u>\$ 0</u>         | <u>\$ 0</u>   | <u>\$ 0</u>   |

## HEATH CITY SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021*

### ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND

|  | Final Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------|------------|---|
| <b>Revenues:</b>   |              |            |   |
| Intergovernmental - Federal                                  | \$ 161,195   | \$ 161,195 | \$ 0  |
| Total Revenues   | 161,195      | 161,195    | 0   |
| <b>Expenditures:</b>   |              |            |   |
| Instructional Services                                       | 184,726      | 184,579    | 147   |
| Support Services:  |              |            |   |
| Pupils   | 108,600      | 108,502    | 98  |
| Capital Outlay   | 21,000       | 20,933     | 67  |
| Total Expenditures   | 314,326      | 314,014    | 312   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (153,131)    | (152,819)  | 312   |
| <b>Other Financing Sources (Uses):</b>                       |              |            |   |
| Advances In  | 154,000      | 154,000    | 0   |
| Total Other Financing Sources (Uses):                        | 154,000      | 154,000    | 0   |
| Net Change in Fund Balance                                   | 869          | 1,181      | 312   |
| Fund Balance at Beginning of Year                            | 0            | 0          | 0   |
| Fund Balance at End of Year                                  | \$ 869       | \$ 1,181   | \$ 312  |

**HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

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|  | Final Budget   | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------|----------------|---|
| <b>Revenues:</b>   |                |                |   |
| Intergovernmental - Federal                                  | \$ 147,162     | \$ 147,162     | \$ 0  |
| Total Revenues   | <u>147,162</u> | <u>147,162</u> | <u>0</u>  |
| <b>Expenditures:</b>   |                |                |   |
| Instructional Services                                       | 147,162        | 147,162        | 0   |
| Total Expenditures   | <u>147,162</u> | <u>147,162</u> | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 0              | 0              | 0   |
| Fund Balance at Beginning of Year                            | 0              | 0              | 0   |
| Fund Balance at End of Year                                  | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>   |

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

| <b>TITLE VI-B FUND</b>                                       |              |            |   |
|--|--------------|------------|---|
|  | Final Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |              |            |   |
| Intergovernmental - Federal                                  | \$ 426,474   | \$ 426,475 | \$ 1  |
| Total Revenues   | 426,474      | 426,475    | 1   |
| <b>Expenditures:</b>   |              |            |   |
| Instructional Services                                       | 248,380      | 242,511    | 5,869   |
| Support Services:  |              |            |   |
| Pupils   | 160,534      | 160,534    | 0   |
| Administration   | 27,537       | 27,537     | 0   |
| Total Expenditures   | 436,451      | 430,582    | 5,869   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (9,977)      | (4,107)    | 5,870   |
| <b>Other Financing Sources (Uses):</b>                       |              |            |   |
| Advances In  | 29,000       | 29,000     | 0   |
| Advances Out   | (25,000)     | (25,000)   | 0   |
| Total Other Financing Sources (Uses)                         | 4,000        | 4,000      | 0   |
| Net Change in Fund Balance                                   | (5,977)      | (107)      | 5,870   |
| Fund Balance at Beginning of Year                            | 6,061        | 6,061      | 0   |
| Fund Balance at End of Year                                  | \$ 84        | \$ 5,954   | \$ 5,870  |

**HEATH CITY SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021**

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**TITLE III LIMITED ENGLISH PROFICIENCY FUND**

|                                   | Final Budget | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------|----------|---|
| <b>Revenues:</b>                  |              |          |   |
| Intergovernmental - Federal       | \$ 1,587     | \$ 1,587 | \$ 0  |
| Total Revenues                    | 1,587        | 1,587    | 0   |
| <b>Expenditures:</b>              |              |          |   |
| Instructional Services            | 1,123        | 1,029    | 94  |
| Total Expenditures                | 1,123        | 1,029    | 94  |
| Excess (Deficiency) of Revenues   |              |          |   |
| Over (Under) Expenditures         | 464          | 558      | 94  |
| Fund Balance at Beginning of Year | 323          | 323      | 0   |
| Fund Balance at End of Year       | \$ 787       | \$ 881   | \$ 94   |

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

| TITLE I FUND   |              |            |   |
|--|--------------|------------|---|
|  | Final Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |              |            |   |
| Intergovernmental - Federal                                  | \$ 304,640   | \$ 299,405 | \$ (5,235)  |
| Total Revenues   | 304,640      | 299,405    | (5,235)   |
| <b>Expenditures:</b>   |              |            |   |
| Instructional Services                                       | 296,586      | 294,619    | 1,967   |
| Total Expenditures   | 296,586      | 294,619    | 1,967   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 8,054        | 4,786      | (3,268)   |
| <b>Other Financing Sources (Uses):</b>                       |              |            |   |
| Advances In  | 12,000       | 12,000     | 0   |
| Advances Out   | (20,000)     | (20,000)   | 0   |
| Total Other Financing Sources (Uses):                        | (8,000)      | (8,000)    | 0   |
| Net Change in Fund Balance                                   | 54           | (3,214)    | (3,268)   |
| Fund Balance at Beginning of Year                            | 5,305        | 5,305      | 0   |
| Fund Balance at End of Year                                  | \$ 5,359     | \$ 2,091   | \$ (3,268)  |



## **HEATH CITY SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

### **IDEA PRESCHOOL GRANT FOR THE HANDICAPPED FUND**

|  | <u>Final Budget</u> | <u>Actual</u> | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------|---|
| <b>Revenues:</b>   |                     |               |   |
| Intergovernmental - Federal                                  | \$ 7,905            | \$ 7,905      | \$ 0  |
| Total Revenues   | <u>7,905</u>        | <u>7,905</u>  | <u>0</u>  |
| <b>Expenditures:</b>   |                     |               |   |
| Support Services:  |                     |               |   |
| Pupil Transportation   | 7,905               | 7,905         | 0   |
| Total Expenditures   | <u>7,905</u>        | <u>7,905</u>  | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 0                   | 0             | 0   |
| Fund Balance at Beginning of Year                            | 0                   | 0             | 0   |
| Fund Balance at End of Year                                  | <u>\$ 0</u>         | <u>\$ 0</u>   | <u>\$ 0</u>   |

## **HEATH CITY SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

| <b>IMPROVING TEACHER QUALITY FUND</b>                        |                     |                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|--------------------|---|
|  | <u>Final Budget</u> | <u>Actual</u>      | <u>(Negative)</u>                                       |
| <b>Revenues:</b>   |                     |                    |   |
| Intergovernmental - Federal                                  | \$ 43,293           | \$ 43,293          | \$ 0  |
| Total Revenues   | <u>43,293</u>       | <u>43,293</u>      | <u>0</u>  |
| <b>Expenditures:</b>   |                     |                    |   |
| Support Services:  |                     |                    |   |
| Instructional Staff  | 43,293              | 43,293             | 0   |
| Total Expenditures   | <u>43,293</u>       | <u>43,293</u>      | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 0                   | 0                  | 0   |
| Fund Balance at Beginning of Year                            | <u>0</u>            | <u>0</u>           | <u>0</u>  |
| Fund Balance at End of Year                                  | <u><u>\$ 0</u></u>  | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u>                                      |

## HEATH CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021***

| <b>OTHER FEDERAL GRANTS FUND</b>                             |              |            |   |
|--|--------------|------------|---|
|  | Final Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |              |            |   |
| Intergovernmental - Federal                                  | \$ 179,206   | \$ 179,206 | \$ 0  |
| Total Revenues   | 179,206      | 179,206    | 0   |
| <b>Expenditures:</b>   |              |            |   |
| Instructional Services                                       | 85,543       | 85,543     | 0   |
| Support Services:  |              |            |   |
| Pupils   | 40,766       | 40,766     | 0   |
| Instructional Staff  | 12,500       | 11,811     | 689   |
| Administration   | 20,935       | 20,935     | 0   |
| Central  | 20,935       | 20,935     | 0   |
| Total Expenditures   | 180,679      | 179,990    | 689   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (1,473)      | (784)      | 689   |
| <b>Other Financing Sources (Uses):</b>                       |              |            |   |
| Advances In  | 2,000        | 2,000      | 0   |
| Advances Out   | (5,000)      | (5,000)    | 0   |
| Total Other Financing Sources (Uses):                        | (3,000)      | (3,000)    | 0   |
| Net Change in Fund Balance                                   | (4,473)      | (3,784)    | 689   |
| Fund Balance at Beginning of Year                            | 4,832        | 4,832      | 0   |
| Fund Balance at End of Year                                  | \$ 359       | \$ 1,048   | \$ 689  |

## **HEATH CITY SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2020***

| <b>PERMANENT IMPROVEMENT FUND</b>                            |              |            |   |
|--|--------------|------------|---|
|  | Final Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |              |            |   |
| Local Sources:   |              |            |   |
| Taxes  | \$ 830,015   | \$ 829,631 | \$ (384)  |
| Investment Earnings  | 16,484       | 19,999     | 3,515   |
| Intergovernmental - State                                    | 29,147       | 29,147     | 0   |
| All Other Revenues   | 0            | 0          | 0   |
| Total Revenues   | 875,646      | 878,777    | 3,131   |
| <b>Expenditures:</b>   |              |            |   |
| Instructional Services                                       | 366,100      | 365,458    | 642   |
| Support Services:  |              |            |   |
| Fiscal Services  | 13,071       | 12,979     | 92  |
| Pupil Transportation   | 78,812       | 78,812     | 0   |
| Central  | 5,600        | 5,557      | 43  |
| Capital Outlay   | 973,500      | 973,161    | 339   |
| Total Expenditures   | 1,437,083    | 1,435,967  | 1,116   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (561,437)    | (557,190)  | 4,247   |
| Fund Balance at Beginning of Year                            | 255,818      | 255,818    | 0   |
| Prior Year Encumbrances                                      | 589,410      | 589,410    | 0   |
| Fund Balance at End of Year                                  | \$ 283,791   | \$ 288,038 | \$ 4,247  |

## **HEATH CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2020***

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|  | <u>Final Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|------------------|---|
| <b>Revenues:</b>   |                     |                  |   |
| Investment Earnings  | \$ 707              | \$ 676           | \$ (31)   |
| Total Revenues   | <u>707</u>          | <u>676</u>       | <u>(31)</u>   |
| <b>Expenditures:</b>   |                     |                  |   |
| Total Expenditures   | <u>0</u>            | <u>0</u>         | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 707                 | 676              | (31)  |
| Fund Balance at Beginning of Year                            | <u>26,444</u>       | <u>26,444</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 27,151</u>    | <u>\$ 27,120</u> | <u>\$ (31)</u>  |



## *STATISTICAL SECTION*

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**STATISTICAL TABLES**

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

**Contents**

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

## *Heath City School District*

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

|  | <u>2012</u>        | <u>2013</u>        | <u>2014</u>           | <u>2015</u>           |
|--|--------------------|--------------------|-----------------------|-----------------------|
| <b>Governmental Activities:</b>            |                    |                    | *                     |                       |
| Net Investment in Capital Assets           | \$2,239,306        | \$1,569,237        | \$1,007,118           | \$668,117             |
| Restricted for:                            |                    |                    |                       |                       |
| Capital Projects                           | 738,118            | 692,224            | 653,740               | 661,314               |
| Debt Service                               | 1,128,253          | 1,042,315          | 1,038,847             | 1,063,596             |
| Statutory Purposes                         | 140,760            | 61,909             | 108,722               | 81,520                |
| Federal and State Grant Programs           | 36,153             | 33,557             | 54,850                | 46,561                |
| Unrestricted                               | (1,279,996)        | (2,343,361)        | (20,546,771)          | (18,183,979)          |
| Total Governmental Activities Net Position | <u>\$3,002,594</u> | <u>\$1,055,881</u> | <u>(\$17,683,494)</u> | <u>(\$15,662,871)</u> |
| <b>Primary Government:</b>                 |                    |                    |                       |                       |
| Net Investment in Capital Assets           | \$2,239,306        | \$1,569,237        | \$1,007,118           | \$668,117             |
| Restricted                                 | 2,043,284          | 1,830,005          | 1,856,159             | 1,852,991             |
| Unrestricted                               | (1,279,996)        | (2,343,361)        | (20,546,771)          | (18,183,979)          |
| Total Primary Government Net Position      | <u>\$3,002,594</u> | <u>\$1,055,881</u> | <u>(\$17,683,494)</u> | <u>(\$15,662,871)</u> |

\* Restated

Source: District Treasurer's Office

*Heath City School District*

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| 2016                  | 2017                  | 2018                 | 2019                 | 2020                 | 2021               |
|-----------------------|-----------------------|----------------------|----------------------|----------------------|--------------------|
|                       | *                     |                      |                      | *                    |                    |
| \$1,387,709           | \$1,638,635           | \$2,116,344          | \$2,516,261          | \$3,646,520          | \$3,920,842        |
| 560,592               | 589,014               | 679,363              | 737,612              | 531,613              | 416,777            |
| 1,237,784             | 998,467               | 1,395,292            | 1,442,042            | 1,682,531            | 1,948,331          |
| 81,982                | 95,543                | 56,396               | 111,260              | 145,630              | 157,228            |
| 77,319                | 48,913                | 35,836               | 38,835               | 114,485              | 190,853            |
| (17,112,694)          | (20,943,208)          | (11,282,637)         | (8,799,138)          | (7,962,634)          | (7,176,162)        |
| <u>(\$13,767,308)</u> | <u>(\$17,572,636)</u> | <u>(\$6,999,406)</u> | <u>(\$3,953,128)</u> | <u>(\$1,841,855)</u> | <u>(\$542,131)</u> |
| \$1,387,709           | \$1,638,635           | \$2,116,344          | \$2,516,261          | \$3,646,520          | \$3,920,842        |
| 1,957,677             | 1,731,937             | 2,166,887            | 2,329,749            | 2,474,259            | 2,713,189          |
| (17,112,694)          | (20,943,208)          | (11,282,637)         | (8,799,138)          | (7,962,634)          | (7,176,162)        |
| <u>(\$13,767,308)</u> | <u>(\$17,572,636)</u> | <u>(\$6,999,406)</u> | <u>(\$3,953,128)</u> | <u>(\$1,841,855)</u> | <u>(\$542,131)</u> |

## *Heath City School District*

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

|  | 2012                | 2013                | 2014                | 2015                |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Expenses</b>                          |                     |                     |                     |                     |
| Governmental Activities:                 |                     |                     |                     |                     |
| Instruction                              | \$9,989,037         | \$10,304,880        | \$10,096,148        | \$10,513,018        |
| Support Services:                        |                     |                     |                     |                     |
| Pupils                                   | 805,150             | 632,193             | 621,994             | 583,590             |
| Instructional Staff                      | 344,754             | 318,009             | 264,908             | 324,069             |
| Board of Education                       | 20,516              | 79,588              | 80,043              | 49,101              |
| Administration                           | 1,618,593           | 1,468,112           | 1,518,459           | 1,523,311           |
| Fiscal Services                          | 492,224             | 506,287             | 528,591             | 578,977             |
| Business                                 | 17,713              | 29,284              | 14,330              | 20,438              |
| Operation and Maintenance of Plant       | 1,306,882           | 1,351,000           | 1,330,607           | 1,507,678           |
| Pupil Transportation                     | 638,839             | 654,334             | 637,015             | 592,204             |
| Central                                  | 280,810             | 275,932             | 308,948             | 451,684             |
| Operation of Non-Instructional Services  |                     |                     |                     |                     |
| Community Services                       | 6,117               | 1,776               | 4,410               | 1,994               |
| Food Service Operations                  | 616,504             | 616,807             | 567,567             | 596,853             |
| Shared Services                          | 0                   | 0                   | 17,994              | 54,691              |
| Other                                    | 1,900               | 0                   | 0                   | 0                   |
| Extracurricular Activities               | 574,354             | 601,322             | 593,994             | 618,078             |
| Interest and Fiscal Charges              | 1,024,811           | 1,117,528           | 891,757             | 657,894             |
| <i>Total Primary Government Expenses</i> | <u>\$17,738,204</u> | <u>\$17,957,052</u> | <u>\$17,476,765</u> | <u>\$18,073,580</u> |
| <b>Program Revenues</b>                  |                     |                     |                     |                     |
| Governmental Activities:                 |                     |                     |                     |                     |
| Charges for Services                     |                     |                     |                     |                     |
| Instruction                              | \$137,166           | \$156,220           | \$600,894           | \$948,735           |
| Support Services:                        |                     |                     |                     |                     |
| Pupils                                   | 45,392              | 41,000              | 43,788              | 60,609              |
| Operation of Non-Instructional Services  |                     |                     |                     |                     |
| Food Service Operations                  | 241,808             | 220,566             | 186,257             | 152,316             |
| Extracurricular Activities               | 87,820              | 102,999             | 134,064             | 124,900             |
| Operating Grants and Contributions       | 838,086             | 895,828             | 1,026,547           | 1,087,236           |
| Capital Grants and Contributions         | 0                   | 0                   | 0                   | 0                   |
| <i>Total Governmental Activities</i>     |                     |                     |                     |                     |
| <i>Program Revenues</i>                  | <u>1,350,272</u>    | <u>1,416,613</u>    | <u>1,991,550</u>    | <u>2,373,796</u>    |

*Heath City School District*

| 2016                | 2017                | 2018                | 2019                | 2020                | 2021                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$11,220,535        | \$11,477,367        | \$5,716,009         | \$10,521,710        | \$13,103,894        | \$14,273,518        |
| 640,770             | 705,634             | 522,576             | 874,557             | 1,214,501           | 1,308,266           |
| 325,261             | 381,955             | 486,743             | 706,334             | 846,060             | 967,695             |
| 248,574             | 329,525             | 63,368              | 106,787             | 138,228             | 156,391             |
| 1,748,840           | 1,673,351           | 1,094,581           | 1,485,126           | 1,730,240           | 1,924,020           |
| 466,731             | 636,550             | 605,510             | 732,416             | 718,154             | 705,579             |
| 28,922              | 13,562              | 17,892              | 16,137              | 11,926              | 16,334              |
| 1,909,197           | 1,838,229           | 1,598,068           | 1,933,978           | 1,736,633           | 1,706,530           |
| 643,460             | 654,868             | 628,413             | 757,602             | 815,607             | 786,334             |
| 347,036             | 403,385             | 240,897             | 265,375             | 409,538             | 419,302             |
| 4,416               | 0                   | 0                   | 0                   | 0                   | 0                   |
| 653,795             | 727,620             | 724,156             | 923,351             | 911,863             | 970,484             |
| 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| 616,176             | 793,082             | 424,403             | 849,040             | 995,357             | 1,000,564           |
| 544,983             | 474,616             | 464,897             | 441,336             | 348,477             | 246,193             |
| <u>\$19,398,696</u> | <u>\$20,109,744</u> | <u>\$12,587,513</u> | <u>\$19,613,749</u> | <u>\$22,980,478</u> | <u>\$24,481,210</u> |
| \$1,037,209         | \$1,219,571         | \$1,484,917         | \$1,823,216         | \$2,145,424         | \$2,235,092         |
| 55,620              | 60,990              | 51,269              | 83,483              | 44,423              | 0                   |
| 198,299             | 235,209             | 264,402             | 437,187             | 371,107             | 169,945             |
| 130,864             | 148,799             | 134,362             | 147,118             | 123,855             | 130,079             |
| 1,123,022           | 1,229,537           | 1,185,904           | 1,301,886           | 1,635,333           | 2,492,212           |
| 0                   | 0                   | 0                   | 0                   | 837,500             | 41,088              |
| <u>2,545,014</u>    | <u>2,894,106</u>    | <u>3,120,854</u>    | <u>3,792,890</u>    | <u>5,157,642</u>    | <u>5,068,416</u>    |

(Continued)

## *Heath City School District*

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

|   | <u>2012</u>                  | <u>2013</u>                  | <u>2014</u>                  | <u>2015</u>                  |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Net (Expense)/Revenue</b>                                  |                              |                              |                              |                              |
| Governmental Activities                                       | <u>(16,387,932)</u>          | <u>(16,540,439)</u>          | <u>(15,485,215)</u>          | <u>(15,699,784)</u>          |
| <i>Total Primary Government</i>                               |                              |                              |                              |                              |
| <i>Net (Expense)/Revenue</i>                                  | <u><u>(\$16,387,932)</u></u> | <u><u>(\$16,540,439)</u></u> | <u><u>(\$15,485,215)</u></u> | <u><u>(\$15,699,784)</u></u> |
| <br><b>General Revenues and Other Changes in Net Position</b> |                              |                              |                              |                              |
| Governmental Activities:                                      |                              |                              |                              |                              |
| Property Taxes Levied for:                                    |                              |                              |                              |                              |
| General Purposes  | \$6,981,958                  | \$6,623,175                  | \$7,854,925                  | \$8,621,606                  |
| Debt Service  | 1,161,817                    | 1,095,634                    | 1,171,836                    | 1,290,787                    |
| Capital Outlay  | 172,436                      | 177,920                      | 186,087                      | 187,583                      |
| Grants and Entitlements not                                   |                              |                              |                              |                              |
| Restricted to Specific Programs                               | 6,098,286                    | 6,145,307                    | 6,383,632                    | 7,086,554                    |
| Investment Earnings   | 9,489                        | 7,825                        | 6,886                        | 10,716                       |
| Miscellaneous   | <u>520,717</u>               | <u>543,865</u>               | <u>543,418</u>               | <u>523,161</u>               |
| <i>Total Primary Government</i>                               | <u><u>\$14,944,703</u></u>   | <u><u>\$14,593,726</u></u>   | <u><u>\$16,146,784</u></u>   | <u><u>\$17,720,407</u></u>   |
| <br><b>Change in Net Position</b>                             |                              |                              |                              |                              |
| Governmental Activities                                       | <u>(1,443,229)</u>           | <u>(1,946,713)</u>           | <u>661,569</u>               | <u>2,020,623</u>             |
| <i>Total Primary Government</i>                               |                              |                              |                              |                              |
| <i>Change in Net Position</i>                                 | <u><u>(\$1,443,229)</u></u>  | <u><u>(\$1,946,713)</u></u>  | <u><u>\$661,569</u></u>      | <u><u>\$2,020,623</u></u>    |

Source: District Treasurer's Office

*Heath City School District*

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| <u>2016</u>                  | <u>2017</u>                  | <u>2018</u>                 | <u>2019</u>                  | <u>2020</u>                  | <u>2021</u>                  |
|------------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| <u>(16,853,682)</u>          | <u>(17,215,638)</u>          | <u>(9,466,659)</u>          | <u>(15,820,859)</u>          | <u>(17,822,836)</u>          | <u>(19,412,794)</u>          |
| <u><u>(\$16,853,682)</u></u> | <u><u>(\$17,215,638)</u></u> | <u><u>(\$9,466,659)</u></u> | <u><u>(\$15,820,859)</u></u> | <u><u>(\$17,822,836)</u></u> | <u><u>(\$19,412,794)</u></u> |
| \$9,279,815                  | \$9,239,268                  | \$10,485,484                | \$8,964,782                  | \$10,333,478                 | \$10,246,008                 |
| 1,343,433                    | 1,150,316                    | 1,359,339                   | 1,206,282                    | 1,399,048                    | 1,422,031                    |
| 196,007                      | 192,177                      | 211,594                     | 183,116                      | 211,811                      | 893,830                      |
| 7,371,309                    | 7,435,029                    | 7,643,707                   | 7,709,959                    | 7,392,727                    | 7,737,617                    |
| 29,265                       | 65,859                       | 119,740                     | 309,956                      | 377,228                      | 14,794                       |
| 529,416                      | 388,805                      | 220,025                     | 493,042                      | 167,854                      | 398,238                      |
| <u>\$18,749,245</u>          | <u>\$18,471,454</u>          | <u>\$20,039,889</u>         | <u>\$18,867,137</u>          | <u>\$19,882,146</u>          | <u>\$20,712,518</u>          |
| 1,895,563                    | 1,255,816                    | 10,573,230                  | 3,046,278                    | 2,059,310                    | 1,299,724                    |
| <u><u>\$1,895,563</u></u>    | <u><u>\$1,255,816</u></u>    | <u><u>\$10,573,230</u></u>  | <u><u>\$3,046,278</u></u>    | <u><u>\$2,059,310</u></u>    | <u><u>\$1,299,724</u></u>    |

**Heath City School District**

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

|                                    | <u>2012</u>               | <u>2013</u>               | <u>2014</u>               | <u>2015</u>               |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund                       |                           |                           |                           |                           |
| Nonspendable                       | \$171,764                 | \$58,886                  | \$2,463                   | \$2,075                   |
| Restricted                         | 86,144                    | 5,881                     | 36,428                    | 15,307                    |
| Committed                          | 0                         | 0                         | 0                         | 0                         |
| Assigned                           | 143,303                   | 124,352                   | 717,659                   | 187,650                   |
| Unassigned                         | <u>1,167,714</u>          | <u>0</u>                  | <u>533,211</u>            | <u>2,810,841</u>          |
| <i>Total General Fund</i>          | <u>1,568,925</u>          | <u>189,119</u>            | <u>1,289,761</u>          | <u>3,015,873</u>          |
| All Other Governmental Funds       |                           |                           |                           |                           |
| Nonspendable                       | 27,854                    | 18,872                    | 63,584                    | 42,889                    |
| Restricted                         | 1,893,664                 | 1,811,895                 | 1,779,099                 | 1,809,505                 |
| Unassigned                         | <u>(21,255)</u>           | <u>(44,961)</u>           | <u>(27,959)</u>           | <u>(15,973)</u>           |
| Total All Other Governmental Funds | <u>1,900,263</u>          | <u>1,785,806</u>          | <u>1,814,724</u>          | <u>1,836,421</u>          |
| <i>Total Governmental Funds</i>    | <u><u>\$3,469,188</u></u> | <u><u>\$1,974,925</u></u> | <u><u>\$3,104,485</u></u> | <u><u>\$4,852,294</u></u> |

\* Restated

Source: District Treasurer's Office



*Heath City School District*

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| 2016        | 2017        | 2018         | 2019         | 2020         | 2021         |
|-------------|-------------|--------------|--------------|--------------|--------------|
|             |             |              |              | *            |              |
| \$27,763    | \$29,944    | \$0          | \$228,193    | \$232,672    | \$230,870    |
| 0           | 0           | 0            | 0            | 0            | 0            |
| 0           | 0           | 0            | 0            | 248,247      | 248,247      |
| 261,619     | 175,101     | 531,080      | 682,787      | 829,605      | 211,104      |
| 4,221,923   | 6,021,754   | 8,355,313    | 8,524,927    | 9,923,795    | 11,997,691   |
| 4,511,305   | 6,226,799   | 8,886,393    | 9,435,907    | 11,234,319   | 12,687,912   |
| 17,200      | 33,000      | 49,849       | 74,707       | 84,710       | 68,857       |
| 1,949,189   | 1,695,240   | 2,128,484    | 2,288,854    | 2,394,769    | 2,661,616    |
| 0           | (53,802)    | (25,226)     | (47,486)     | (121,742)    | (310,463)    |
| 1,966,389   | 1,674,438   | 2,153,107    | 2,316,075    | 2,357,737    | 2,420,010    |
| \$6,477,694 | \$7,901,237 | \$11,039,500 | \$11,751,982 | \$13,592,056 | \$15,107,922 |

## *Heath City School District*

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

|  | 2012              | 2013              | 2014              | 2015              |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues:</b>   |                   |                   |                   |                   |
| Local Sources:   |                   |                   |                   |                   |
| Taxes  | \$8,381,872       | \$8,082,155       | \$9,250,713       | \$10,115,662      |
| Tuition  | 66,003            | 78,449            | 535,675           | 890,288           |
| Food Service   | 241,808           | 220,566           | 186,257           | 152,316           |
| Investment Earnings  | 9,590             | 7,807             | 6,416             | 9,938             |
| Extracurricular Activities                                   | 87,820            | 102,999           | 134,064           | 124,900           |
| Class Materials and Fees                                     | 64,454            | 76,887            | 64,719            | 57,449            |
| Intergovernmental - State                                    | 6,115,330         | 6,048,971         | 6,647,676         | 7,194,372         |
| Intergovernmental - Federal                                  | 836,314           | 920,119           | 879,254           | 982,893           |
| All Other Revenue  | 572,818           | 585,749           | 583,706           | 584,368           |
| <b>Total Revenue</b>   | <b>16,376,009</b> | <b>16,123,702</b> | <b>18,288,480</b> | <b>20,112,186</b> |
| <b>Expenditures:</b>   |                   |                   |                   |                   |
| Current:   |                   |                   |                   |                   |
| Instruction  | 9,631,529         | 9,887,089         | 9,671,600         | 10,227,343        |
| Supporting Services:   |                   |                   |                   |                   |
| Pupils   | 809,099           | 609,970           | 597,979           | 610,112           |
| Instructional Staff  | 324,278           | 301,093           | 243,751           | 317,931           |
| Board of Education   | 20,516            | 79,588            | 80,043            | 49,101            |
| Administration   | 1,638,441         | 1,506,325         | 1,459,945         | 1,507,152         |
| Fiscal Services  | 487,692           | 502,551           | 536,825           | 573,425           |
| Business   | 17,713            | 29,284            | 14,330            | 20,438            |
| Operation and Maintenance of Plant                           | 1,222,560         | 1,208,877         | 1,253,864         | 1,423,453         |
| Pupil Transportation   | 585,119           | 613,996           | 584,559           | 544,902           |
| Central  | 278,397           | 274,241           | 308,225           | 448,230           |
| Operation of Non-Instructional Services                      |                   |                   |                   |                   |
| Community Services   | 6,117             | 1,776             | 4,410             | 1,994             |
| Food Service Operations                                      | 583,818           | 583,763           | 531,695           | 553,134           |
| Shared Services  | 0                 | 0                 | 17,994            | 54,691            |
| Other  | 1,900             | 0                 | 0                 | 0                 |
| Extracurricular Activities                                   | 421,200           | 452,268           | 426,676           | 463,049           |
| Capital Outlay   | 49,870            | 174,798           | 274,419           | 68,586            |
| Debt Service:  |                   |                   |                   |                   |
| Principal Retirement   | 866,702           | 983,849           | 923,699           | 1,022,773         |
| Interest and Fiscal Charges                                  | 491,780           | 485,280           | 484,775           | 465,915           |
| <b>Total Expenditures</b>                                    | <b>17,436,731</b> | <b>17,694,748</b> | <b>17,414,789</b> | <b>18,352,229</b> |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (1,060,722)       | (1,571,046)       | 873,691           | 1,759,957         |

*Heath City School District*

| 2016              | 2017              | 2018              | 2019              | 2020              | 2021              |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$10,830,906      | \$10,637,252      | \$12,058,474      | \$10,332,895      | \$11,956,798      | \$12,607,475      |
| 979,931           | 1,161,902         | 1,425,622         | 1,743,264         | 2,047,087         | 2,130,956         |
| 198,299           | 235,209           | 264,402           | 437,187           | 371,107           | 169,945           |
| 28,683            | 62,562            | 112,336           | 301,643           | 371,613           | 16,045            |
| 130,864           | 148,799           | 134,362           | 147,118           | 123,855           | 130,079           |
| 56,246            | 57,169            | 59,295            | 65,452            | 77,337            | 76,136            |
| 7,435,863         | 7,556,848         | 7,754,127         | 7,840,232         | 7,825,680         | 8,117,211         |
| 1,040,547         | 1,037,083         | 1,134,337         | 1,175,567         | 1,097,468         | 2,059,005         |
| 585,668           | 450,295           | 261,294           | 591,025           | 233,277           | 426,238           |
| <u>21,287,007</u> | <u>21,347,119</u> | <u>23,204,249</u> | <u>22,634,383</u> | <u>24,104,222</u> | <u>25,733,090</u> |
| 10,839,935        | 10,872,530        | 11,090,703        | 11,414,377        | 11,902,325        | 12,909,964        |
| 625,555           | 657,412           | 644,394           | 918,782           | 1,113,697         | 1,215,662         |
| 305,817           | 321,093           | 581,614           | 694,798           | 757,647           | 896,946           |
| 248,574           | 329,525           | 63,368            | 106,787           | 138,228           | 156,391           |
| 1,726,393         | 1,516,556         | 1,703,790         | 1,535,711         | 1,541,750         | 1,760,729         |
| 514,527           | 601,325           | 629,735           | 692,595           | 658,746           | 670,902           |
| 28,922            | 13,562            | 17,892            | 16,137            | 11,926            | 16,334            |
| 1,677,527         | 1,570,171         | 1,575,075         | 1,830,963         | 1,522,193         | 1,545,663         |
| 607,345           | 554,295           | 652,338           | 705,637           | 734,678           | 768,250           |
| 344,887           | 408,367           | 246,830           | 296,739           | 389,984           | 407,470           |
| 4,416             | 0                 | 0                 | 0                 | 0                 | 0                 |
| 603,909           | 699,024           | 709,644           | 869,190           | 873,348           | 949,218           |
| 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| 460,474           | 591,781           | 631,697           | 751,048           | 778,300           | 707,012           |
| 308,295           | 646,597           | 173,287           | 725,296           | 735,489           | 769,544           |
| 1,073,448         | 1,135,286         | 1,063,627         | 1,182,351         | 1,160,378         | 1,168,472         |
| 437,664           | 331,426           | 295,132           | 276,662           | 271,592           | 266,980           |
| <u>19,807,688</u> | <u>20,248,950</u> | <u>20,079,126</u> | <u>22,017,073</u> | <u>22,590,281</u> | <u>24,209,537</u> |
| 1,479,319         | 1,098,169         | 3,125,123         | 617,310           | 1,513,941         | 1,523,553         |

(Continued)

**Heath City School District**

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

|  | 2012                 | 2013                 | 2014               | 2015               |
|--|----------------------|----------------------|--------------------|--------------------|
| <b>Other Financing Sources (Uses):</b>                             |                      |                      |                    |                    |
| Sale of Capital Assets   | 0                    | 0                    | 4,000              | 400                |
| Insurance Proceeds   | 0                    | 0                    | 0                  | 0                  |
| Refunding General Obligation Bonds Issued                          | 0                    | 0                    | 0                  | 0                  |
| Premium on General   |                      |                      |                    |                    |
| Obligation Refunding Bond  | 0                    | 0                    | 0                  | 0                  |
| Payment to Refunded Bond Escrow Agent                              | 0                    | 0                    | 0                  | 0                  |
| Other Financing Sources - Capital Leases                           | 0                    | 74,450               | 250,956            | 0                  |
| Transfers In   | 0                    | 0                    | 50,000             | 85,000             |
| Transfers Out  | 0                    | 0                    | (50,000)           | (85,000)           |
| <b>Total Other Financing Sources (Uses)</b>                        | <u>0</u>             | <u>74,450</u>        | <u>254,956</u>     | <u>400</u>         |
| <b>Net Change in Fund Balance</b>                                  | <u>(\$1,060,722)</u> | <u>(\$1,496,596)</u> | <u>\$1,128,647</u> | <u>\$1,760,357</u> |
| <br>   |                      |                      |                    |                    |
| <b>Debt Service as a Percentage<br/>of Noncapital Expenditures</b> | 7.81%                | 8.36%                | 8.21%              | 8.13%              |

Source: District Treasurer's Office

*Heath City School District*

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| 2016               | 2017               | 2018               | 2019             | 2020               | 2021               |
|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| 400                | 3,000              | 2,000              | 0                | 0                  | 0                  |
| 0                  | 0                  | 0                  | 89,200           | 18,100             | 0                  |
| 7,340,000          | 0                  | 0                  | 0                | 0                  | 0                  |
| 493,000            | 0                  | 0                  | 0                | 0                  | 0                  |
| (7,688,354)        | 0                  | 0                  | 0                | 0                  | 0                  |
| 0                  | 325,526            | 8,820              | 0                | 0                  | 0                  |
| 0                  | 101,150            | 128,825            | 0                | 276,806            | 80,000             |
| 0                  | (101,150)          | (128,825)          | 0                | (28,559)           | (80,000)           |
| <u>145,046</u>     | <u>328,526</u>     | <u>10,820</u>      | <u>89,200</u>    | <u>266,347</u>     | <u>0</u>           |
| <u>\$1,624,365</u> | <u>\$1,426,695</u> | <u>\$3,135,943</u> | <u>\$706,510</u> | <u>\$1,780,288</u> | <u>\$1,523,553</u> |
| 7.70%              | 7.43%              | 6.83%              | 6.88%            | 6.57%              | 6.16%              |

## *Heath City School District*

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

| <b>Tax year</b>   | 2011          | 2012          | 2013          | 2014          |
|---|---------------|---------------|---------------|---------------|
|   | *             |               |               | **            |
| <b>Real Property</b>                                      |               |               |               |               |
| Assessed  | \$246,409,720 | \$248,432,630 | \$248,446,390 | \$246,138,835 |
| Actual  | 704,027,771   | 709,807,514   | 709,846,829   | 703,253,814   |
| <b>Public Utility</b>                                     |               |               |               |               |
| Assessed  | 6,342,490     | 6,675,260     | 7,976,040     | 8,025,020     |
| Actual  | 6,342,490     | 6,675,260     | 7,976,040     | 8,025,020     |
| <b>Total</b>  |               |               |               |               |
| Assessed  | 252,752,210   | 255,107,890   | 256,422,430   | 254,163,855   |
| Actual  | 710,370,261   | 716,482,774   | 717,822,869   | 711,278,834   |
| <b>Assessed Value as a<br/>Percentage of Actual Value</b> | 35.58%        | 35.61%        | 35.72%        | 35.73%        |
| <b>Total Direct Tax Rate</b>                              | \$55.70       | \$53.85       | \$61.75       | \$63.10       |

Source: Licking County Auditor

\* Reappraisal

\*\* Update

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

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

*Heath City School District*

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| 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
|---------------|---------------|---------------|---------------|---------------|---------------|
|               |               | *             |               |               | **            |
| \$234,500,020 | \$236,501,406 | \$259,175,790 | \$259,850,293 | \$261,638,294 | \$285,512,290 |
| 670,000,057   | 675,718,303   | 740,502,257   | 742,429,409   | 747,537,983   | 815,749,400   |
| 9,434,090     | 11,761,470    | 12,215,810    | 18,044,810    | 20,431,940    | 22,460,320    |
| 9,434,090     | 11,761,470    | 12,215,810    | 18,044,810    | 20,431,940    | 22,460,320    |
| 243,934,110   | 248,262,876   | 271,391,600   | 277,895,103   | 282,070,234   | 307,972,610   |
| 679,434,147   | 687,479,773   | 752,718,067   | 760,474,219   | 767,969,923   | 838,209,720   |
| 35.90%        | 36.11%        | 36.05%        | 36.54%        | 36.73%        | 36.74%        |
| \$64.30       | \$63.30       | \$62.60       | \$62.60       | \$62.00       | \$64.80       |

## *Heath City School District*

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

|                                       | <u>2011</u>  | <u>2012</u>  | <u>2013</u>  | <u>2014</u>  |
|---------------------------------------|--------------|--------------|--------------|--------------|
| <b>Direct District Rates</b>          |              |              |              |              |
| General Fund                          | 49.30        | 47.60        | 55.50        | 56.60        |
| Bond Retirement Fund                  | 5.20         | 5.05         | 5.05         | 5.30         |
| Permanent Improvement Fund            | 1.20         | 1.20         | 1.20         | 1.20         |
| Total                                 | <u>55.70</u> | <u>53.85</u> | <u>61.75</u> | <u>63.10</u> |
| <b>Overlapping Rates</b>              |              |              |              |              |
| City of Heath                         | 5.40         | 5.65         | 5.40         | 5.40         |
| Career and Technical Education Center | 2.54         | 2.48         | 2.56         | 2.54         |
| Licking County                        | 7.70         | 7.70         | 7.70         | 8.00         |
| Licking County Library                | 1.00         | 1.00         | 1.00         | 1.00         |
| Licking County Park District          | 0.00         | 0.00         | 0.25         | 0.25         |

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

**Source:**

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



*Heath City School District*

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| 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
|-------|-------|-------|-------|-------|-------|
| 57.80 | 57.20 | 56.10 | 56.10 | 55.50 | 54.30 |
| 5.30  | 4.90  | 5.30  | 5.30  | 5.30  | 5.30  |
| 1.20  | 1.20  | 1.20  | 1.20  | 1.20  | 5.20  |
| 64.30 | 63.30 | 62.60 | 62.60 | 62.00 | 64.80 |
| 6.40  | 6.40  | 6.40  | 6.40  | 6.40  | 6.40  |
| 2.58  | 2.57  | 2.55  | 2.55  | 2.55  | 2.50  |
| 8.00  | 8.00  | 9.50  | 9.50  | 9.50  | 9.50  |
| 1.00  | 1.00  | 1.00  | 1.00  | 1.00  | 1.00  |
| 0.25  | 0.25  | 0.25  | 0.25  | 0.25  | 0.25  |



## *Heath City School District*

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

| Name of Taxpayer                              | Nature of Business         | Calendar Year 2020 |      |                                 |
|---|----------------------------|--------------------|------|---------------------------------|
|   |                            | Assessed Value     | Rank | Percent of Total Assessed Value |
| Ohio Power Company                            | Utility Company - Electric | \$12,716,060       | 1    | 4.13%                           |
| AEP Ohio Transmission Co, Inc.                | Utility Company - Electric | 6,616,710          | 2    | 2.15%                           |
| Southgate Association Limited Partnership     | Shopping Center            | 5,512,500          | 3    | 1.79%                           |
| Glimcher Properties Limited Partnership       | Development                | 5,145,000          | 4    | 1.67%                           |
| Quest Heathwood Village LLC                   | Apartments                 | 4,094,900          | 5    | 1.33%                           |
| Wal*Mart Stores, Inc.                         | Retail Store               | 3,308,240          | 6    | 1.07%                           |
| JLH Realty LLC                                | Real Estate                | 3,102,290          | 7    | 1.01%                           |
| Heath-Newark-Licking<br>County Port Authority | Real Estate - Leasing      | 3,004,200          | 8    | 0.98%                           |
| Kaiser Aluminum and<br>Chemical Corporation   | Aluminum Processing        | 2,646,250          | 9    | 0.86%                           |
| Cross Creek Limited Partnership               | Shopping Center            | 2,555,000          | 10   | 0.83%                           |
| Subtotal                                      |                            | 48,701,150         |      | 15.82%                          |
| All Others                                    |                            | 259,271,460        |      | 84.18%                          |
| Total   |                            | \$307,972,610      |      | 100.00%                         |

| Name of Taxpayer                              | Nature of Business         | Calendar Year 2011 |      |                                 |
|---|----------------------------|--------------------|------|---------------------------------|
|   |                            | Assessed Value     | Rank | Percent of Total Assessed Value |
| Glimcher Properties Limited Partnership       | Development                | \$9,933,600        | 1    | 3.93%                           |
| Southgate Association Limited Partnership     | Shopping Center            | 5,543,160          | 2    | 2.19%                           |
| Ohio Power Company                            | Utility Company - Electric | 4,953,280          | 3    | 1.96%                           |
| Heath-Newark-Licking<br>County Port Authority | Real Estate - Leasing      | 4,008,550          | 4    | 1.59%                           |
| Wal*Mart Stores, Inc.                         | Retail Store               | 2,807,670          | 5    | 1.11%                           |
| Cross Creek Limited Partnership               | Shopping Center            | 2,614,120          | 6    | 1.03%                           |
| Inland Western Heath Southgate LLC            | Shopping Center            | 2,571,800          | 7    | 1.02%                           |
| Kaiser Aluminum and<br>Chemical Corporation   | Aluminum Processing        | 2,427,780          | 8    | 0.96%                           |
| H&D Holding Company                           | Development                | 2,332,260          | 9    | 0.92%                           |
| Glenwood Apartments LLC                       | Apartments                 | 2,136,820          | 10   | 0.85%                           |
| Subtotal                                      |                            | 39,329,040         |      | 15.56%                          |
| All Others                                    |                            | 213,423,170        |      | 84.44%                          |
| Total   |                            | \$252,752,210      |      | 100.00%                         |

Source: Licking County Auditor - Land and Buildings  
Based on valuation of property in 2020 and 2011

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

**Heath City School District**

*Property Tax Levies and Collections  
Last Ten Years*

| <b>Collection Year</b>  | <u>2011</u>    | <u>2012</u>   | <u>2013</u>  |
|---|----------------|---------------|--------------|
| <b>Total Tax Levy</b>   | \$9,476,237    | \$9,495,631   | \$9,003,974  |
| <b>Collections within the Fiscal Year of the Levy</b>               |                |               |              |
| Current Tax Collections   | 9,196,764      | 9,149,588     | 8,709,214    |
| Percent of Levy Collected   | 97.05%         | 96.36%        | 96.73%       |
| Delinquent Tax Collections (1)                                      | <u>336,523</u> | <u>96,940</u> | <u>3,969</u> |
| Total Tax Collections   | 9,533,287      | 9,246,528     | 8,713,183    |
| <b>Percent of Total Tax Collections To Tax Levy</b>                 | 100.60%        | 97.38%        | 96.77%       |
| <b>Accumulated Outstanding Delinquent Taxes</b>                     | 214,485        | 232,431       | 183,748      |
| <b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b> | 2.26%          | 2.45%         | 2.04%        |

Source: Licking County Auditor's Office

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

(1) The County's current computer system is unable to track delinquent tax collections by tax year.

*Heath City School District*

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| 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$10,960,686 | \$11,119,757 | \$11,551,120 | \$11,419,479 | \$12,048,452 | \$12,409,906 | \$12,493,640 |
| 10,649,259   | 10,812,156   | 11,223,676   | 11,188,024   | 11,870,917   | 12,227,045   | 12,233,310   |
| 97.16%       | 97.23%       | 97.17%       | 97.97%       | 98.53%       | 98.53%       | 97.92%       |
| 167,209      | 161,863      | 284,617      | 225,920      | 197,873      | 203,873      | 242,426      |
| 10,816,468   | 10,974,019   | 11,508,293   | 11,413,944   | 12,068,790   | 12,430,918   | 12,475,736   |
| 98.68%       | 98.69%       | 99.63%       | 99.95%       | 100.17%      | 100.17%      | 99.86%       |
| 190,554      | 125,628      | 120,889      | 153,338      | 174,622      | 162,162      | 116,555      |
| 1.74%        | 1.13%        | 1.05%        | 1.34%        | 1.45%        | 1.31%        | 0.93%        |

## *Heath City School District*

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

|                                    | 2012                | 2013                | 2014                | 2015                |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities (1)</b> | *                   |                     |                     |                     |
| General Obligation Bonds Payable   | \$15,061,386        | \$14,522,171        | \$13,902,047        | \$13,170,033        |
| Capital Leases                     | 69,131              | 64,732              | 301,989             | 204,216             |
| Total Primary Government           | <u>\$15,130,517</u> | <u>\$14,586,903</u> | <u>\$14,204,036</u> | <u>\$13,374,249</u> |
| <b>Population (2)</b>              |                     |                     |                     |                     |
| City of Heath                      | 10,310              | 10,310              | 10,310              | 10,310              |
| Outstanding Debt Per Capita        | 1,468               | 1,415               | 1,378               | 1,297               |
| <b>Income (3)</b>                  |                     |                     |                     |                     |
| Personal (in thousands)            | 386,532             | 388,470             | 396,822             | 410,699             |
| Percentage of Personal Income      | 3.91%               | 3.75%               | 3.58%               | 3.26%               |

\* Restated for Deferred Charge on Refunding

**Sources:**

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation based on previous calendar year

*Heath City School District*

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| 2016                | 2017                | 2018                | 2019               | 2020               | 2021               |
|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|
| \$12,140,782        | \$11,355,564        | \$10,566,487        | \$9,655,045        | \$8,655,813        | \$7,553,910        |
| 105,768             | 256,008             | 191,201             | 113,850            | 58,472             | 0                  |
| <u>\$12,246,550</u> | <u>\$11,611,572</u> | <u>\$10,757,688</u> | <u>\$9,768,895</u> | <u>\$8,714,285</u> | <u>\$7,553,910</u> |
| 10,310              | 10,310              | 10,310              | 10,310             | 10,310             | 10,412             |
| 1,188               | 1,126               | 1,043               | 948                | 845                | 726                |
| 428,700             | 435,257             | 455,826             | 474,868            | 489,704            | 529,034            |
| 2.86%               | 2.67%               | 2.36%               | 2.06%              | 1.78%              | 1.43%              |

**Heath City School District**

*Ratios of General Bonded Debt Outstanding  
Last Ten Years*

| Year  | 2012        | 2013        | 2014        | 2015        |
|---|-------------|-------------|-------------|-------------|
| <b>Population</b> (1)                                 | 10,310      | 10,310      | 10,310      | 10,310      |
| <b>Assessed Value</b> (2)                             | 252,752,210 | 255,107,890 | 256,422,430 | 254,163,855 |
| <b>General Bonded Debt</b> (3)                        |             |             |             |             |
| General Obligation Bonds                              | 15,061,386  | 14,522,171  | 13,902,047  | 13,170,033  |
| <b>Resources Available to Pay Principal</b> (4)       | 1,103,745   | 1,042,575   | 1,049,893   | 1,075,169   |
| <b>Net General Bonded Debt</b>                        | 13,957,641  | 13,479,596  | 12,852,154  | 12,094,864  |
| <b>Ratio of Net Bonded Debt<br/>to Assessed Value</b> | 5.52%       | 5.28%       | 5.01%       | 4.76%       |
| <b>Net Bonded Debt per Capita</b>                     | 1,353.80    | 1,307.43    | 1,246.57    | 1,173.12    |

**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 on a modified GAAP basis for general obligation bonded debt supported by property taxes.



*Heath City School District*

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| 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 10,310      | 10,310      | 10,310      | 10,310      | 10,310      | 10,412      |
| 243,934,110 | 248,262,876 | 271,391,600 | 277,895,103 | 282,070,234 | 307,972,610 |
| 12,140,782  | 11,355,564  | 10,566,487  | 9,655,045   | 8,655,813   | 7,553,910   |
| 1,242,170   | 1,006,492   | 1,399,129   | 1,443,227   | 1,684,827   | 1,956,731   |
| 10,898,612  | 10,349,072  | 9,167,358   | 8,211,818   | 6,970,986   | 5,597,179   |
| 4.47%       | 4.17%       | 3.38%       | 2.96%       | 2.47%       | 1.82%       |
| 1,057.09    | 1,003.79    | 889.17      | 796.49      | 676.14      | 537.57      |



**Heath City School District**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2021*

| Jurisdiction                          | Net Debt<br>Outstanding | Percentage<br>Applicable to<br>Heath City<br>School District | Amount<br>Applicable to<br>Heath City<br>School District |
|---------------------------------------|-------------------------|--|--|
| <b>Direct:</b>                        |                         |  |  |
| Heath City School District            | \$7,553,910             | 100.00%  | \$7,553,910  |
| <b>Overlapping:</b>                   |                         |  |  |
| City of Heath                         | 6,140,000               | 90.42%   | 5,551,788  |
| Career and Technical Education Center | 10,560,000              | 5.53%  | 583,968  |
| Licking County                        | 28,540,537              | 5.75%  | 1,641,081  |
|                                       |                         | Subtotal   | <u>7,776,837</u>   |
|                                       |                         | Total  | <u><u>\$15,330,747</u></u>                               |

**Source:** Licking County and Fiscal Officers of Subdivision

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

## *Heath City School District*

### *Debt Limitations Last Ten Years*

|  | 2012               | 2013               | 2014                | 2015                |
|--|--------------------|--------------------|---------------------|---------------------|
|  | *                  |                    |                     |                     |
| Net Assessed Valuation                                 | \$252,752,210      | \$255,107,890      | \$256,422,430       | \$254,163,855       |
| Legal Debt Limitation (%) (1)                          | 9.00%              | 9.00%              | 9.00%               | 9.00%               |
| Legal Debt Limitation (\$) (1)                         | 22,747,699         | 22,959,710         | 23,078,019          | 22,874,747          |
| Applicable District Debt Outstanding                   | 15,061,386         | 14,522,171         | 13,902,047          | 13,170,033          |
| Less: Applicable Debt Service Fund Amounts (2)         | (1,103,745)        | (1,042,575)        | (1,049,893)         | (1,075,169)         |
| Net Indebtedness Subject to Limitation                 | <u>13,957,641</u>  | <u>13,479,596</u>  | <u>12,852,154</u>   | <u>12,094,864</u>   |
| Overall Legal Debt Margin                              | <u>\$8,790,058</u> | <u>\$9,480,114</u> | <u>\$10,225,865</u> | <u>\$10,779,883</u> |
| Legal Debt Limitation (%) (1)                          | 0.10%              | 0.10%              | 0.10%               | 0.10%               |
| Legal Debt Limitation (\$) (1)                         | 252,752            | 255,108            | 256,422             | 254,164             |
| Applicable District Debt Outstanding                   | <u>0</u>           | <u>0</u>           | <u>0</u>            | <u>0</u>            |
| Unvoted Legal Debt Margin                              | <u>\$252,752</u>   | <u>\$255,108</u>   | <u>\$256,422</u>    | <u>\$254,164</u>    |
| Legal Debt Limitation (%) (1)                          | 0.90%              | 0.90%              | 0.90%               | 0.90%               |
| Legal Debt Limitation (\$) (1)                         | 2,274,770          | 2,295,971          | 2,307,802           | 2,287,475           |
| Applicable District Debt Outstanding                   | <u>0</u>           | <u>0</u>           | <u>0</u>            | <u>0</u>            |
| Unvoted Energy Conservation<br>Loans Legal Debt Margin | <u>\$2,274,770</u> | <u>\$2,295,971</u> | <u>\$2,307,802</u>  | <u>\$2,287,475</u>  |

\*Restated for Deferred Charge on Refunding

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

(2) Includes only Debt Service funds available on a modified GAAP basis for general obligation bonded debt supported by property taxes.

*Heath City School District*

| 2016                | 2017                | 2018                | 2019                | 2020                | 2021                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$243,934,110       | \$248,262,876       | \$271,391,600       | \$277,895,103       | \$282,070,234       | \$307,972,610       |
| 9.00%               | 9.00%               | 9.00%               | 9.00%               | 9.00%               | 9.00%               |
| 21,954,070          | 22,343,659          | 24,425,244          | 25,010,559          | 25,386,321          | 27,717,535          |
| 12,140,782          | 11,355,564          | 10,566,487          | 9,655,045           | 8,655,813           | 7,553,910           |
| (1,242,170)         | (1,006,492)         | (1,399,129)         | (1,443,227)         | (1,684,827)         | (1,956,731)         |
| 10,898,612          | 10,349,072          | 9,167,358           | 8,211,818           | 6,970,986           | 5,597,179           |
| <u>\$11,055,458</u> | <u>\$11,994,587</u> | <u>\$15,257,886</u> | <u>\$16,798,741</u> | <u>\$18,415,335</u> | <u>\$22,120,356</u> |
| 0.10%               | 0.10%               | 0.10%               | 0.10%               | 0.10%               | 0.10%               |
| 243,934             | 248,263             | 271,392             | 277,895             | 282,070             | 307,973             |
| 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| <u>\$243,934</u>    | <u>\$248,263</u>    | <u>\$271,392</u>    | <u>\$277,895</u>    | <u>\$282,070</u>    | <u>\$307,973</u>    |
| 0.90%               | 0.90%               | 0.90%               | 0.90%               | 0.90%               | 0.90%               |
| 2,195,407           | 2,234,366           | 2,442,524           | 2,501,056           | 2,538,632           | 2,771,753           |
| 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| <u>\$2,195,407</u>  | <u>\$2,234,366</u>  | <u>\$2,442,524</u>  | <u>\$2,501,056</u>  | <u>\$2,538,632</u>  | <u>\$2,771,753</u>  |

## *Heath City School District*

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

| Calendar Year                 | 2011    | 2012    | 2013    | 2014    | 2015    |
|-------------------------------|---------|---------|---------|---------|---------|
| <b>Population</b> (1)         |         |         |         |         |         |
| City of Heath                 | 10,310  | 10,310  | 10,310  | 10,310  | 10,310  |
| Licking County                | 166,983 | 167,719 | 168,503 | 169,390 | 170,570 |
| <b>Income</b> (2) (a)         |         |         |         |         |         |
| Total Personal (in thousands) | 386,532 | 388,470 | 396,822 | 410,699 | 428,700 |
| Per Capita                    | 37,491  | 37,679  | 38,489  | 39,835  | 41,581  |
| <b>Unemployment Rate</b> (3)  |         |         |         |         |         |
| Federal                       | 8.9%    | 8.1%    | 7.4%    | 6.2%    | 5.3%    |
| State                         | 8.6%    | 7.2%    | 7.4%    | 5.7%    | 4.9%    |
| Licking County                | 8.0%    | 6.5%    | 6.9%    | 5.1%    | 4.4%    |

| Fiscal Year                  | 2012         | 2013         | 2014         | 2015         | 2016         |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>School Enrollment</b> (4) |              |              |              |              |              |
| Grades K - 2                 | 347          | 353          | 359          | 393          | 397          |
| Grades 3 - 5                 | 381          | 379          | 382          | 398          | 410          |
| Grades 6 - 8                 | 419          | 408          | 388          | 406          | 396          |
| Grades 9 - 12                | 455          | 477          | 505          | 486          | 479          |
| JVS                          | 56           | 55           | 48           | 65           | 70           |
| Total                        | <u>1,658</u> | <u>1,672</u> | <u>1,682</u> | <u>1,748</u> | <u>1,752</u> |

**Sources:**

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Note: In FY 18, all years of School Enrollment were restated using ODE October headcounts.

*Heath City School District*

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| 2016    | 2017    | 2018    | 2019    | 2020    |
|---------|---------|---------|---------|---------|
| 10,310  | 10,310  | 10,310  | 10,310  | 10,412  |
| 172,198 | 173,448 | 175,769 | 177,174 | 178,100 |
| 435,257 | 455,826 | 474,868 | 489,704 | 529,034 |
| 42,217  | 44,212  | 46,059  | 47,498  | 50,810  |
| 4.9%    | 4.4%    | 3.9%    | 3.7%    | 8.1%    |
| 4.9%    | 5.0%    | 4.6%    | 4.1%    | 8.1%    |
| 4.3%    | 4.2%    | 4.0%    | 3.7%    | 6.5%    |
| 2017    | 2018    | 2019    | 2020    | 2021    |
| 376     | 382     | 394     | 404     | 402     |
| 418     | 403     | 385     | 397     | 390     |
| 385     | 405     | 421     | 423     | 419     |
| 489     | 497     | 408     | 408     | 465     |
| 56      | 65      | 77      | 79      | 57      |
| 1,724   | 1,752   | 1,685   | 1,711   | 1,733   |





## *Heath City School District*

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

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

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

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

## *Heath City School District*

### *School District Employees by Type Last Ten Years*

|                                 | 2012          | 2013          | 2014          | 2015          | 2016          |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Supervisory</b>              |               |               |               |               |               |
| Instructional Administrators    | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          |
| Noninstructional Administrators | 1.00          | 1.00          | 1.00          | 6.00          | 6.00          |
| Principals                      | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| Assistant Principals            | 1.00          | 1.00          | 2.00          | 1.00          | 1.00          |
| <b>Instruction</b>              |               |               |               |               |               |
| Classroom Teachers              | 102.00        | 100.00        | 104.00        | 97.50         | 94.50         |
| <b>Student Services</b>         |               |               |               |               |               |
| Guidance Counselors             | 2.50          | 1.00          | 1.00          | 1.00          | 1.00          |
| Psychologists and Health Staff  | 1.00          | 1.00          | 1.00          | 2.00          | 2.00          |
| Librarians                      | 2.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| <b>Support Services</b>         |               |               |               |               |               |
| Clerical/Bookkeeping            | 11.00         | 11.00         | 11.00         | 11.00         | 10.00         |
| Tutors/Aides                    | 2.00          | 1.00          | 1.00          | 14.00         | 14.50         |
| Food Service                    | 18.00         | 18.00         | 18.00         | 11.00         | 11.00         |
| Maintenance/Grounds             | 9.00          | 9.00          | 9.00          | 9.00          | 9.00          |
| Transportation                  | 12.00         | 12.00         | 12.00         | 13.00         | 11.00         |
| <i>Total Employees</i>          | <u>167.50</u> | <u>162.00</u> | <u>167.00</u> | <u>172.50</u> | <u>167.00</u> |

**Method:** The District began using EMIS staffing submissions as its source data in FY 18, and as such, restated the statistics from FY 15 through FY 18 using available historical data. Staffing counts reflect current positions at the time of submission of the final CK staff employment record for the fiscal year. In addition, the figures represent only regular positions and exclude temporary or supplemental positions. FTEs are defined as the District's definition of a full-time equivalent for that particular position. For example, some positions are considered to be full-time at 6 hours per day (ex. Cooks), while others might be 7.25 hours per day (ex. Teachers). Staffing figures exclude any positions with less than 3 hours per day.

Source: District Treasurer's Office

*Heath City School District*

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| 2017   | 2018   | 2019   | 2020   | 2021   |
|--------|--------|--------|--------|--------|
| 2.00   | 2.00   | 2.00   | 2.00   | 2.00   |
| 6.00   | 6.00   | 7.00   | 7.00   | 6.00   |
| 3.00   | 4.00   | 4.00   | 4.00   | 4.00   |
| 1.00   | 1.00   | 2.00   | 2.00   | 2.00   |
| 89.75  | 96.25  | 100.50 | 103.60 | 101.12 |
| 1.00   | 1.00   | 1.00   | 2.00   | 2.00   |
| 2.00   | 6.00   | 6.00   | 6.00   | 4.50   |
| 1.00   | 1.00   | 1.00   | 1.00   | 1.00   |
| 11.50  | 12.00  | 11.00  | 11.00  | 11.00  |
| 12.00  | 10.00  | 9.50   | 10.40  | 11.00  |
| 9.00   | 10.00  | 9.50   | 8.00   | 11.50  |
| 9.00   | 9.00   | 9.50   | 8.50   | 7.00   |
| 13.00  | 12.00  | 10.00  | 12.00  | 9.00   |
| 160.25 | 170.25 | 173.00 | 177.50 | 172.12 |

**Heath City School District**

*Operating Indicators - Cost per Pupil  
Last Ten Years*

| Fiscal Year            | 2012       | 2013       | 2014       | 2015       |
|------------------------|------------|------------|------------|------------|
| Enrollment             | 1,658      | 1,672      | 1,682      | 1,748      |
| Modified Accrual Basis |            |            |            |            |
| Operating Expenditures | 17,436,731 | 17,694,748 | 17,414,789 | 18,352,229 |
| Cost per Pupil         | 10,517     | 10,583     | 10,354     | 10,499     |
| Percentage of Change   | 3.4%       | 0.6%       | (2.2%)     | 1.4%       |
| Accrual Basis (1)      |            |            |            |            |
| Expenses               | 16,713,393 | 16,839,524 | 16,585,008 | 17,415,686 |
| Cost per Pupil         | 10,080     | 10,071     | 9,860      | 9,963      |
| Percentage of Change   | 1.93%      | (0.09%)    | (2.10%)    | 1.04%      |
| Teaching Staff         | 93         | 94         | 100        | 97.50      |

(1) Expenses exclude interest and fiscal charges

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

Note: In FY 18, all years of Enrollment were restated using ODE October headcounts.

*Heath City School District*

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| 2016       | 2017       | 2018       | 2019       | 2020       | 2021       |
|------------|------------|------------|------------|------------|------------|
| 1,752      | 1,724      | 1,752      | 1,685      | 1,711      | 1,733      |
| 19,807,688 | 20,248,950 | 20,079,126 | 22,017,073 | 22,590,281 | 24,209,537 |
| 11,306     | 11,745     | 11,461     | 13,067     | 13,203     | 13,970     |
| 7.7%       | 3.9%       | (2.4%)     | 14.0%      | 1.0%       | 5.8%       |
| 18,853,713 | 19,635,128 | 12,122,616 | 19,172,413 | 22,632,001 | 24,235,017 |
| 10,761     | 11,389     | 6,919      | 11,378     | 13,227     | 13,984     |
| 8.01%      | 5.84%      | (39.25%)   | 64.44%     | 16.25%     | 5.72%      |
| 94.50      | 89.75      | 96.25      | 100.50     | 103.60     | 101.12     |

## *Heath City School District*

### *Operating Indicators by Function Last Ten Years*

|   | 2012    | 2013    | 2014    | 2015    |
|---|---------|---------|---------|---------|
| <b>Governmental Activities</b>              |         |         |         |         |
| Pupils                                      |         |         |         |         |
| Enrollment                                  | 1,597   | 1,614   | 1,641   | 1,735   |
| Graduates                                   | 116     | 112     | 117     | 133     |
| Percent of Students with Disabilities       | 7.0%    | 7.1%    | 7.2%    | 7.2%    |
| Board of Education                          |         |         |         |         |
| Regularly scheduled board meetings per year | 12      | 12      | 12      | 12      |
| Administration                              |         |         |         |         |
| School Attendance Rate                      | 96.40%  | 96.20%  | 96.80%  | 96.70%  |
| Fiscal Services                             |         |         |         |         |
| Purchase Orders Processed                   | 2,116   | 2,355   | 2,367   | 2,241   |
| Checks Issued (non payroll)                 | 2,242   | 2,385   | 2,288   | 2,318   |
| Operation and Maintenance of Plant          |         |         |         |         |
| District Square Footage Maintained          | 291,068 | 291,068 | 291,068 | 291,068 |
| District Square Miles Maintained            | 11.2    | 11.2    | 11.2    | 11.2    |
| Pupil Transportation                        |         |         |         |         |
| Average Daily Students Transported          | 1,162   | 1,169   | 1,181   | 1,188   |
| Average Daily Bus Fleet Miles               | 901     | 899     | 900     | 901     |
| Number of Buses                             | 16      | 16      | 16      | 16      |
| Operation of Noninstructional Services      |         |         |         |         |
| Food Service Operations                     |         |         |         |         |
| Students Lunches Served Annually            | 145,932 | 142,972 | 141,109 | 140,972 |
| Percent of Free/Reduced Price Meals (1)     | 46%     | 47%     | 47%     | 48%     |
| Extracurricular Activities                  |         |         |         |         |
| High School Varsity Teams                   | 17      | 17      | 17      | 17      |

Source: District Treasurer's Office

(1) Food Service operation statistics began using the point of sale system reports in FY 2018 and restated statistics for FY 2017 for comparison purposes. FY 2020 reflects that in person classes were not conducted due to state mandated closures due to COVID-19. Free lunches were delivered and available from March through June 2020.

*Heath City School District*

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| 2016    | 2017    | 2018    | 2019    | 2020    | 2021    |
|---------|---------|---------|---------|---------|---------|
| 1,718   | 1,712   | 1,752   | 1,685   | 1,711   | 1,733   |
| 137     | 108     | 106     | 115     | 131     | 145     |
| 7.2%    | 11.5%   | 13.8%   | 12.2%   | 15.0%   | 15.0%   |
| 12      | 12      | 12      | 12      | 12      | 12      |
| 96.80%  | 94.90%  | 94.00%  | 94.30%  | 95.30%  | 90.60%  |
| 2,287   | 2,416   | 2,420   | 1,940   | 1,655   | 1,768   |
| 2,302   | 2,249   | 2,114   | 2,443   | 1,918   | 2,371   |
| 291,068 | 291,068 | 291,068 | 291,068 | 291,068 | 291,068 |
| 11.2    | 11.2    | 11.2    | 11.2    | 11.2    | 11.2    |
| 1,188   | 885     | 886     | 845     | 848     | 621     |
| 901     | 581     | 533     | 534     | 547     | 488     |
| 16      | 17      | 16      | 15      | 15      | 14      |
| 141,172 | 134,229 | 134,746 | 140,613 | 126,854 | 124,930 |
| 49%     | 63%     | 57%     | 55%     | 60%     | 36%     |
| 17      | 21      | 22      | 23      | 23      | 24      |

## *Heath City School District*

### *Operating Indicators - Teacher Base Salaries Last Ten Years*

| Fiscal Year              | 2012   | 2013   | 2014   | 2015   | 2016   |
|--------------------------|--------|--------|--------|--------|--------|
| Minimum Salary           | 33,286 | 33,286 | 34,118 | 34,800 | 35,148 |
| Maximum Salary           | 71,565 | 71,565 | 73,354 | 74,820 | 75,568 |
| District Average Salary  | 54,334 | 54,057 | 52,671 | 51,776 | 52,446 |
| State Average Salary (1) | 56,715 | 56,307 | 55,913 | 55,242 | 57,154 |

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

### *Operating Indicators - Teacher by Education Last Ten Years*

| Fiscal Year              | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------|------|------|------|------|------|
| Bachelor's Degree        | 6    | 6    | 27   | 26   | 23   |
| Bachelor + 15 (1)        | 9    | 9    | 0    | 0    | 0    |
| Master's Degree          | 57   | 56   | 64   | 67   | 72   |
| Master's Degree + 15 (1) | 9    | 9    | 0    | 0    | 0    |
| Master's Degree + 30     | 12   | 12   | 9    | 9    | 9    |
| Total                    | 93   | 92   | 100  | 102  | 104  |

Source: District Treasurer's Office

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

(2) Ohio Department of Education

Note: Teachers by Education counts are headcounts, while staffing levels are FTEs.

Furthermore, this schedule reflects all staff paid on the teaching salary schedules,  
which includes some individuals with differing functional titles (ex. Guidance)

N/A means not available at the time this report was prepared



*Heath City School District*

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| 2017   | 2018   | 2019   | 2020   | 2021   |
|--------|--------|--------|--------|--------|
| 35,148 | 35,851 | 36,568 | 37,299 | 38,045 |
| 77,326 | 78,872 | 80,450 | 82,058 | 83,699 |
| 52,535 | 55,769 | 53,490 | 60,284 | 57,602 |
| 58,849 | 58,186 | 60,399 | 65,754 | N\A    |

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| 2017 | 2018 | 2019 | 2020 | 2021 |
|------|------|------|------|------|
| 34   | 30   | 33   | 32   | 30   |
| 0    | 0    | 0    | 0    | 0    |
| 57   | 59   | 61   | 64   | 70   |
| 0    | 0    | 0    | 0    | 0    |
| 9    | 12   | 10   | 10   | 12   |
| 100  | 101  | 104  | 106  | 112  |

## *Heath City School District*

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

|                                 | 2012    | 2013    | 2014    | 2015    |
|---------------------------------|---------|---------|---------|---------|
| <b>Secondary</b>                |         |         |         |         |
| Heath High School               |         |         |         |         |
| Square Footage                  | 124,740 | 124,740 | 124,740 | 124,740 |
| Capacity (students)             | 600     | 600     | 600     | 600     |
| Enrollment                      | 511     | 532     | 553     | 551     |
| <b>Middle</b>                   |         |         |         |         |
| Heath Middle School             |         |         |         |         |
| Square Footage                  | 67,197  | 67,197  | 67,197  | 67,197  |
| Capacity (students)             | 450     | 450     | 450     | 450     |
| Enrollment                      | 419     | 408     | 388     | 406     |
| <b>Elementary</b>               |         |         |         |         |
| Stevenson Elementary School     |         |         |         |         |
| Square Footage                  | 44,437  | 44,437  | 44,437  | 44,437  |
| Capacity (students)             | 450     | 450     | 450     | 450     |
| Enrollment                      | 381     | 379     | 382     | 398     |
| Garfield Elementary School      |         |         |         |         |
| Square Footage                  | 44,112  | 44,112  | 44,112  | 44,112  |
| Capacity (students)             | 450     | 450     | 450     | 450     |
| Enrollment                      | 347     | 353     | 359     | 393     |
| <b>All Other</b>                |         |         |         |         |
| Central Administration Building |         |         |         |         |
| Square Footage                  | 2,400   | 2,400   | 2,400   | 2,400   |
| Capacity                        | 14      | 14      | 14      | 14      |
| Staff                           | 13      | 13      | 12      | 13      |
| Bus Garage                      |         |         |         |         |
| Square Footage                  | 10,800  | 10,800  | 10,800  | 10,800  |
| Capacity (Buses)                | 16      | 16      | 16      | 16      |

Source: District Treasurer's Office

Note: In FY 18, all years of School Enrollment were restated using ODE October headcounts.

*Heath City School District*

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| 2016    | 2017    | 2018    | 2019    | 2020    | 2021    |
|---------|---------|---------|---------|---------|---------|
| 124,740 | 124,700 | 124,700 | 124,700 | 124,700 | 124,700 |
| 600     | 600     | 600     | 600     | 600     | 600     |
| 549     | 545     | 562     | 485     | 487     | 522     |
| 67,197  | 67,197  | 67,197  | 67,197  | 67,197  | 67,197  |
| 450     | 450     | 450     | 450     | 450     | 450     |
| 396     | 385     | 405     | 421     | 423     | 419     |
| 44,437  | 44,437  | 44,437  | 44,437  | 44,437  | 44,437  |
| 450     | 450     | 450     | 450     | 450     | 450     |
| 410     | 418     | 403     | 385     | 397     | 390     |
| 44,112  | 44,112  | 44,112  | 44,112  | 44,112  | 44,112  |
| 450     | 450     | 450     | 450     | 450     | 450     |
| 397     | 376     | 382     | 394     | 404     | 402     |
| 2,400   | 2,400   | 2,400   | 2,400   | 2,400   | 2,400   |
| 14      | 14      | 14      | 14      | 14      | 14      |
| 13      | 13      | 13      | 13      | 13      | 12      |
| 10,800  | 10,800  | 10,800  | 10,800  | 10,800  | 10,800  |
| 16      | 17      | 16      | 15      | 15      | 14      |

**Heath City School District**

*Educational and Operating Statistics  
Last Ten Years*

|                               | 2012   | 2013   | 2014   | 2015   | 2016   |
|-------------------------------|--------|--------|--------|--------|--------|
| <b>ACT Scores (Average)</b>   |        |        |        |        |        |
| Heath                         | 21.8   | 21.7   | 21.8   | 21.9   | 21.9   |
| Ohio                          | 21.6   | 21.7   | 21.7   | 21.7   | 21.7   |
| National                      | 21.3   | 21.3   | 21.4   | 21.4   | 21.4   |
| <b>Cost per Student (ODE)</b> |        |        |        |        |        |
| Heath                         | 9,136  | 10,961 | 8,603  | 8,225  | 8,978  |
| Ohio (Average) (1)            | 10,508 | 10,149 | 9,536  | 9,904  | 9,837  |
| <b>Attendance Rate</b>        |        |        |        |        |        |
| Heath                         | 95.60% | 94.80% | 96.70% | 94.90% | 94.90% |
| Ohio (Average)                | 94.50% | 94.20% | 94.30% | 94.10% | 94.10% |
| <b>Graduation Rate (2)</b>    |        |        |        |        |        |
| Heath                         | 93.80% | 93.30% | 91.70% | 96.90% | 92.40% |
| Ohio (Average)                | 81.30% | 82.20% | 82.30% | 83.00% | 83.50% |

**Source:**

District's Student Records and Ohio Department of Education

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

(2) The 2021 figures were not yet available.

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

N/A - Not Available

*Heath City School District*

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| 2017   | 2018   | 2019   | 2020   | 2021   |
|--------|--------|--------|--------|--------|
| 21.3   | 18.3   | 18.5   | 19.1   | 18.2   |
| 22.0   | 20.3   | 20.0   | 19.2   | 18.9   |
| 21.0   | 20.8   | 20.7   | 20.6   | 20.3   |
| 9,480  | 8,335  | 8,914  | 8,654  | 9,372  |
| 10,445 | 9,353  | 9,724  | 9,883  | 10,336 |
| 94.90% | 94.00% | 94.30% | 95.30% | 90.60% |
| 93.90% | 93.70% | 93.50% | N/A    | N/A    |
| 92.80% | 90.80% | 93.30% | 94.80% | 94.80% |
| 84.10% | 85.30% | 85.90% | 87.20% | 87.20% |



**HEATH CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

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**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| FEDERAL GRANTOR/<br>PASS THROUGH GRANTOR/<br>PROGRAM/CLUSTER TITLE          | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH ENTITY<br>IDENTIFYING NUMBER /<br>ADDITIONAL AWARD<br>IDENTIFICATION | TOTAL<br>EXPENDITURES OF<br>FEDERAL AWARDS |
|---|---------------------------------|---|--|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                       |                                 |   |  |
| <i>Passed Through the Ohio Department of Education</i>                      |                                 |   |  |
| <b>Child Nutrition Cluster:</b>   |                                 |   |  |
| School Breakfast Program  | 10.553                          | 2021  | \$ 154,060                                 |
| COVID-19 - School Breakfast Program   | 10.553                          | COVID-19, 2021  | 30,135                                     |
| <b>Total School Breakfast Program</b>                                       |                                 |   | <u>184,195</u>                             |
| National School Lunch Program   | 10.555                          | 2021  | 414,837                                    |
| COVID-19 - National School Lunch Program                                    | 10.555                          | COVID-19, 2021  | 69,147                                     |
| National School Lunch Program - Food Donations                              | 10.555                          | 2021  | 76,916                                     |
| <b>Total National School Lunch Program</b>                                  |                                 |   | <u>560,900</u>                             |
| <b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>     |                                 |   | <u>745,095</u>                             |
| <b>U.S. DEPARTMENT OF THE TREASURY</b>                                      |                                 |   |  |
| <i>Passed Through the Ohio Department of Education</i>                      |                                 |   |  |
| COVID-19 - Coronavirus Relief Fund - Rural and Small Town School Districts  | 21.019                          | COVID-19, 2021  | 81,605                                     |
| <b>Total U.S. Department of the Treasury</b>                                |                                 |   | <u>81,605</u>                              |
| <b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>                             |                                 |   |  |
| <i>Passed Through the State Library of Ohio</i>                             |                                 |   |  |
| COVID-19 - Grants to States_Libraries                                       | 45.310                          | COVID-19, 2021  | 1,435                                      |
| <b>Total Institute of Museum and Library Services</b>                       |                                 |   | <u>1,435</u>                               |
| <b>U.S. DEPARTMENT OF EDUCATION</b>   |                                 |   |  |
| <i>Passed Through the Ohio Department of Education</i>                      |                                 |   |  |
| Title I Grants to Local Educational Agencies                                | 84.010                          | 2020  | 44,434                                     |
| Title I Grants to Local Educational Agencies                                | 84.010A                         | 84.010A, 2021   | 250,186                                    |
| <b>Total Title I Grants to Local Educational Agencies</b>                   |                                 |   | <u>294,620</u>                             |
| <b>Special Education Cluster (IDEA):</b>                                    |                                 |   |  |
| Special Education_Grants to States  | 84.027                          | 2020  | 47,494                                     |
| Special Education_Grants to States  | 84.027A                         | 84.027A, 2021   | 366,129                                    |
| Special Education_Grants to States - Restoration                            | 84.027A                         | 84.027A, 2020   | 1,750                                      |
| Special Education_Grants to States - Restoration                            | 84.027A                         | 84.027A, 2021   | 15,208                                     |
| <b>Total Special Education_Grants to States</b>                             |                                 |   | <u>430,581</u>                             |
| Special Education_Preschool Grants  | 84.173A                         | 84.173A, 2021   | 7,905                                      |
| <b>Total Special Education Cluster (IDEA)</b>                               |                                 |   | <u>438,486</u>                             |
| Supporting Effective Instruction State Grants                               | 84.367A                         | 84.367A, 2021   | 43,293                                     |
| Comprehensive Literacy State Development Subgrant                           | 84.371C                         | 84.371C, 2021   | 150,427                                    |
| Student Support and Academic Enrichment Program                             | 84.424A                         | 84.424A, 2020   | 2,204                                      |
| Student Support and Academic Enrichment Program                             | 84.424A                         | 84.424A, 2021   | 25,048                                     |
| <b>Total Student Support and Academic Enrichment Program</b>                |                                 |   | <u>27,252</u>                              |
| COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund  | 84.425D                         | COVID-19, 84.425D, 2021   | 165,976                                    |
| COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund | 84.425D                         | COVID-19, 84.425D, 2022   | 148,038                                    |
| <b>Total Education Stabilization Fund</b>                                   |                                 |   | <u>314,014</u>                             |
| <b>Total U.S. Department of Education</b>                                   |                                 |   | <u>1,268,092</u>                           |
| <b>Total Federal Financial Assistance</b>                                   |                                 |   | <u>\$ 2,096,227</u>                        |

*The accompanying notes are an integral part of this schedule.*

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Heath City School District under programs of the federal government for the fiscal year ended June 30, 2021 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Heath City School District, it is not intended to and does not present the financial position or changes in net position of the Heath City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

**NOTE 2 – DE MINIMIS COST RATE**

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Heath City School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - CHILD NUTRITION CLUSTER**

The Heath City School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Heath City School District assumes it expends federal monies first.

**NOTE 4 – FOOD DONATION PROGRAM**

The Heath City School District reports commodities consumed on the Schedule at the entitlement value. The Heath City School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE 5 – PASS-THROUGH FUNDS**

The Heath City School District was awarded federal program allocations to be administered on their behalf by the Licking County Educational Service Center. For fiscal year 2021, the Heath City School District's allocations was as follows:

English Language Acquisition State Grants (ALN 84.365A) \$1,275

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

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

To the Board of Education:

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements, and have issued our report thereon dated December 27, 2021, wherein we noted as described in Note 2 to the financial statements, the Heath City School District adopted GASBS No. 84, *Fiduciary Activities*. Furthermore, as described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Heath City School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Heath City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Heath City School District'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 Heath City School District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Heath City School District'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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 Heath City School District'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 Heath City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
December 27, 2021

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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

To the Board of Education:

***Report on Compliance for Each Major Federal Program***

We have audited the Heath City School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Heath City School District's major federal programs for the fiscal year ended June 30, 2021. The Heath City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Heath City School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Heath City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Heath City School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Heath City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.

***Report on Internal Control over Compliance***

Management of the Heath City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Heath City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Heath City School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements. We issued our report thereon dated December 27, 2021, which contained unmodified opinions on those financial statements. Our opinion also explained that the Heath City School District adopted *GASBS No. 84* during the fiscal year. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Julian & Grube, Inc.  
December 27, 2021

**HEATH CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |   |   |
|--|---|---|
| <i>(d)(1)(i)</i>                       | <i>Type of Financial Statement Opinion</i>  | Unmodified                                |
| <i>(d)(1)(ii)</i>                      | <i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>                        | No  |
| <i>(d)(1)(ii)</i>                      | <i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i> | No  |
| <i>(d)(1)(iii)</i>                     | <i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>                              | No  |
| <i>(d)(1)(iv)</i>                      | <i>Were there any material internal control weaknesses reported for major federal programs?</i>                             | No  |
| <i>(d)(1)(iv)</i>                      | <i>Were there any significant deficiencies in internal control reported for major federal programs?</i>                     | No  |
| <i>(d)(1)(v)</i>                       | <i>Type of Major Program's Compliance Opinion</i>   | Unmodified                                |
| <i>(d)(1)(vi)</i>                      | <i>Are there any reportable findings under 2 CFR §200.516(a)?</i>   | No  |
| <i>(d)(1)(vii)</i>                     | <i>Major Program (listed):</i>  | Special Education Cluster (IDEA)          |
| <i>(d)(1)(viii)</i>                    | <i>Dollar Threshold: Type A/B Programs</i>  | Type A: > \$750,000<br>Type B: all others |
| <i>(d)(1)(ix)</i>                      | <i>Low Risk Auditee under 2 CFR § 200.520?</i>  | Yes                                       |

**2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**HEATH CITY SCHOOL DISTRICT**

**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 2/8/2022**

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

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