

# **Heath City School District**

Heath, Ohio



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**





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

We have reviewed the *Independent Auditor's Report* of the Heath City School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

January 22, 2020

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***HEATH CITY SCHOOL DISTRICT***

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Heath, Ohio

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
June 30, 2019**

*Prepared by:*

**Mr. Karl Zarins  
Treasurer**

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**HEATH CITY SCHOOL DISTRICT**

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*HEATH CITY SCHOOL DISTRICT*

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December 26, 2019

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 (CAFR) issued by the District. This CAFR for the year ended June 30, 2019 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 1,685 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, 2019*

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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 10,310 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.

**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. The District’s General Fund receives approximately 48% of its receipts from local real estate taxes and approximately 37% from state funding.

Overall, local property tax collections increased by 2.1% in fiscal year 2019, or \$199,262 on a cash basis. This increase was led by new construction in public utility personal property. Property taxes are generally a function of the tax rate and property valuations. It is important to note that due to Ohio tax law, real estate revenue does not increase proportionately with property valuation increases. The District benefits most from new construction, and least from valuation increases on existing property. Residential and Agricultural property values are approximately 53% of total taxable property valuations in the District; while business valuations represent approximately 47%. Property values increased by 2.4% in calendar year 2018, impacting collections in calendar year 2019. The District anticipates that property valuations will be stable until the next county auditor update of valuations in calendar 2020; impacting collections in calendar year 2021. Early indications are strong residential valuation appreciation and modest business valuation appreciation. Valuation increases from new construction is expected to be limited.

State funding in fiscal year 2019 increased by \$164,177 (2.5%) on a cash basis because state law “capped” growth rates in funding based on the state formula to 3% growth each year. Funding growth in fiscal year 2019 was simply funding for students that previously were not funded due to this growth “cap”. Going forward, the state legislature effectively ended the use of its formula based funding methodology and held funding in fiscal year 2020 equal to funding in fiscal year 2019. State funding does incorporate new student wellness funds in fiscal year 2020. The amount of these funds are generally consistent with the District’s inflationary increase expectations, but the use of these funds will be limited to student health and wellness initiatives.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2019***

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Related to state funding, but considered “other revenue;” the District has continued its open enrollment policy allowing resident students from other school districts to attend Heath City Schools. State funding for these students is redirected to the District. In fiscal year 2019 the District allowed the number of open enrolled students to continue to expand to 260 individuals, which resulted in a funding increase of \$303,747 (24.0%). This is offset by students leaving the District to attend other districts and private charter schools, which remained stable from the prior year. The practice of accepting students from other districts continues to have a positive impact on the District’s revenues.

### **MAJOR INITIATIVES**

#### **Current:**

During fiscal year 2019, the District continued to work toward both operational and educational goals.

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

- The District conducted a series of community and stakeholder meetings to develop a facilities and funding plan. Initially it was expected that the State of Ohio (OFCC) would fund 42% of any construction initiatives during 2020. However, later the OFCC informed the District that it would not be able to meet its commitment until at least 2025. The District’s elementary schools and Middle School are between 58 and 55 years old. Meanwhile, the High School is the District’s newest school building at 17 years old. Therefore, the District is revising its plans to develop a funding mechanism that can either maintain existing facilities or be used to develop new facilities in the face of fluid state funding commitments.
- The District, in collaboration with the Heath Education Association (HEA), developed an optional High Deductible Health Insurance Plan coupled with a Health Savings Account for its certified employees. This initiative sought to promote health insurance consumerism, reduce premiums for the District and employees, and offer a savings vehicle for employees. This plan became effective in fiscal year 2020.
- The District began a number of capital improvement and repair projects including roof repairs, the addition of air conditioning at the elementary classrooms, resurfacing the High School track, and a lighting energy efficiency project at the High School.

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.

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

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2019***

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#### Future:

Operationally, the District will continue its work in fiscal year 2019 on developing a flexible funding mechanism to address aging infrastructure. In addition, the District will be formalizing its process to prioritize facility maintenance needs.

The District will also upgrade its accounting and human resources software to improve administrative efficiencies and business intelligence to manage operations. This project will replace accounting software from the 1990's using COBOL programming and main frame technology. A modern "enterprise resource planning" (ERP) software will facilitate automation, improved internal controls, and better analysis of operations.

During the 2019-2020 school year administrators and teachers will work to continue to increase curriculum alignment, and will use high quality assessment to inform instruction. Administrators have identified that knowledge of standards and the use of data are a focus for this school year, and will help to strengthen the academic foundation of the school system for the future. The 2018-19 school year saw strong growth scores, as well as bright spots in math and reading, and a focus on those improvements will continue into the coming years.

Student growth measures, which indicate the amount of improvement students demonstrate on a variety of assessments, are a continuous focus of teacher professional development. The District is currently adhering to a stringent professional development schedule which includes weekly TBT meetings, implementation of PBIS and monthly Building Leadership Team (BLT) and District Leadership Team (DLT) meetings to meet both of these initiatives.

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.
- Full implementation of Leader in Me 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 a B.
- Utilize STAR Early Literacy, STAR Reading and Math Assessments for identifying students needing intervention, referral for possible gifted identification and/or progress monitoring of students.
- Utilize all available data to drive curricular decisions in the regular curriculum, intervention areas and special education.

# **HEATH CITY SCHOOL DISTRICT**

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***Letter of Transmittal  
For the Fiscal Year Ended June 30, 2019***

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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 generally accepted accounting principles. 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, 2019*

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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 Dave Yost, 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 generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2018. We believe this, our eighteenth 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



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**HEATH CITY SCHOOL DISTRICT**

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*Members of the Board of Education and Administration  
For the Fiscal Year Ended June, 30, 2019*

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

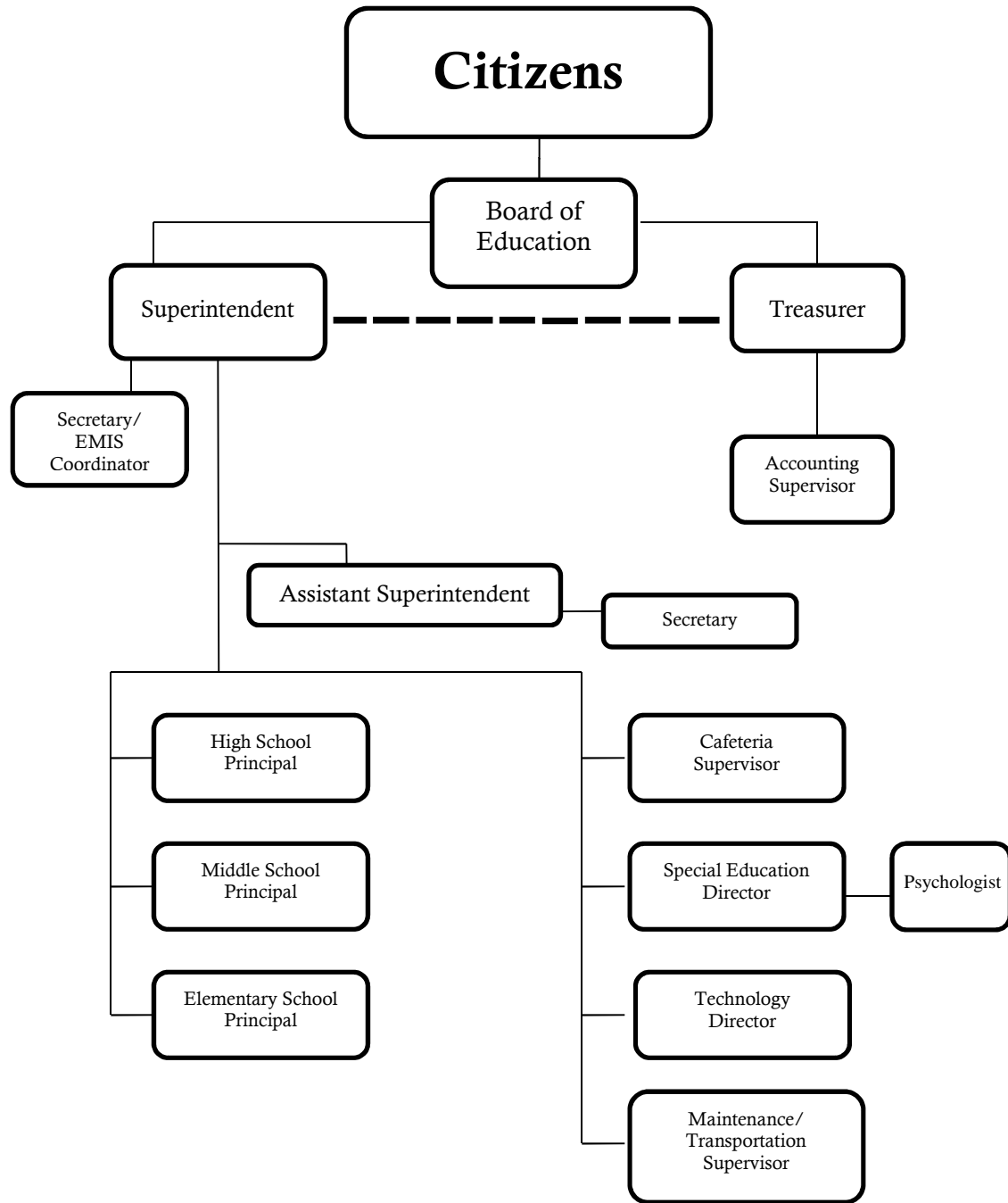
<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Ms. Debbie Kelley	President	11
Mr. Sam Smith	Vice President	7
Dr. Craig Dyer	Member	3
Dr. Melody Klontz	Member	3
Ms. Dianne Winter	Member	3

***Administration***

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>	
		<u>Position</u>	<u>Total</u>
Dr. Trevor Thomas	Superintendent	6	17
Mr. Karl Zarins	Treasurer	2	17
Ms. Kelly Holbrook	Assistant Superintendent	6	21

# HEATH CITY SCHOOL DISTRICT

Organizational Chart  
For the Fiscal Year Ended June 30, 2019



**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, 2018**

*Christopher P. Morrill*

Executive Director/CEO





# Julian & Grube, Inc.

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## 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, 2019, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 to the extent needed to opine 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 management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Heath City School District, Licking County, Ohio, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2019, on our consideration of the Heath City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Heath City School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 26, 2019





# HEATH CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019*

*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, 2019. 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 2019 are as follows:**

- ❑ In total, net position increased \$3,046,278, which represents a 43.5% decrease in the net deficit from the 2018 net deficit.
- ❑ General revenues accounted for \$18,867,137 in revenue or 83.3% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,792,890 or 16.7% of total revenues of \$22,660,027.
- ❑ The District had \$19,613,749 in expenses related to governmental activities; only \$3,792,890 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$19,089,889 in revenues and \$18,629,575 in expenditures. The general fund's fund balance increased from \$8,886,393 to \$9,435,907.

## 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.

### 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.

# HEATH CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019*

*Unaudited*

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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.

*Fiduciary Funds* – The District is the trustee, or fiduciary, for various student managed activity programs, various scholarship programs and other items listed as agency. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

## HEATH CITY SCHOOL DISTRICT

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019*

*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 2019 compared to 2018:

	Governmental Activities		Increase (Decrease)
	2019	2018	
<b>Assets:</b>			
Current and other assets	\$25,364,207	\$23,009,467	\$2,354,740
Net OPEB Asset	1,013,484	0	1,013,484
Capital assets, Net	11,088,768	11,169,717	(80,949)
Total assets	<u>37,466,459</u>	<u>34,179,184</u>	<u>3,287,275</u>
<b>Deferred outflows of resources:</b>			
Pension	5,036,673	6,005,430	(968,757)
OPEB	362,368	185,096	177,272
Total deferred outflows of resources	<u>5,399,041</u>	<u>6,190,526</u>	<u>(791,485)</u>
<b>Liabilities:</b>			
Net pension liability	17,733,080	18,472,585	(739,505)
Net OPEB liability	1,887,777	4,111,354	(2,223,577)
Long-term debt outstanding	11,027,646	11,888,278	(860,632)
Other liabilities	2,112,248	2,076,943	35,305
Total liabilities	<u>32,760,751</u>	<u>36,549,160</u>	<u>(3,788,409)</u>
<b>Deferred inflows of resources:</b>			
Property Tax	11,061,004	9,475,607	1,585,397
Refunding	230,064	258,821	(28,757)
Pension	1,038,591	622,244	416,347
OPEB	1,728,218	463,284	1,264,934
Total deferred inflows of resources	<u>14,057,877</u>	<u>10,819,956</u>	<u>3,237,921</u>
<b>Net position (deficit):</b>			
Net Investment in capital assets	2,516,261	2,116,344	399,917
Restricted	2,329,749	2,166,887	162,862
Unrestricted	(8,799,138)	(11,282,637)	2,483,499
Total net deficit	<u>(\$3,953,128)</u>	<u>(\$6,999,406)</u>	<u>\$3,046,278</u>

Net position of the District's governmental activities increased by \$3,046,278. This increase is partly attributed to changes in the net OPEB asset/liabilities and related deferred outflows and inflows and partly as a result of maintaining expenses below revenues. As presented in the table of Changes in Net Position, total governmental expenses of \$19,613,749 were offset by program revenues of \$3,792,890 and general revenues of \$18,867,137.

## **HEATH CITY SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019***

***Unaudited***

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

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

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

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

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

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

## **HEATH CITY SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
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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 30% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2019 were \$2,516,261. 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, \$2,329,746, 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 \$7.2 million in unrestricted net position which may be used to meet the District's ongoing obligations to the students and creditors.

## HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
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Changes in Net Position – The following table shows the changes in net position for fiscal years 2019 and 2018:

	Governmental Activities		Increase (Decrease)
	2019	2018	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$2,491,004	\$1,934,950	\$556,054
Operating Grants and Contributions	1,301,886	1,185,904	115,982
Total Program Revenues	<u>3,792,890</u>	<u>3,120,854</u>	<u>672,036</u>
General Revenues:			
Property Taxes	10,354,180	12,056,417	(1,702,237)
Grants and Entitlements	7,709,959	7,643,707	66,252
Other	802,998	339,765	463,233
Total General Revenues	<u>18,867,137</u>	<u>20,039,889</u>	<u>(1,172,752)</u>
Total Revenues	<u>22,660,027</u>	<u>23,160,743</u>	<u>(500,716)</u>
<b>Program Expenses</b>			
Instruction	10,521,710	5,716,009	4,805,701
Support Services:			
Pupils Support	874,557	522,576	351,981
Instructional Staff Support	706,334	486,743	219,591
Board of Education	106,787	63,368	43,419
Administration	1,485,126	1,094,581	390,545
Fiscal Services	732,416	605,510	126,906
Business	16,137	17,892	(1,755)
Operation and Maintenance of Plant	1,933,978	1,598,068	335,910
Pupil Transportation	757,602	628,413	129,189
Central	265,375	240,897	24,478
Operation of Non-Instructional Services:			
Food Service Operations	923,351	724,156	199,195
Extracurricular Activities	849,040	424,403	424,637
Interest and Fiscal Charges	441,336	464,897	(23,561)
Total Expenses	<u>19,613,749</u>	<u>12,587,513</u>	<u>7,026,236</u>
Change in Net Position	3,046,278	10,573,230	(7,526,952)
Beginning Net Deficit	<u>(6,999,406)</u>	<u>(17,572,636)</u>	<u>10,573,230</u>
Ending Net Deficit	<u>(\$3,953,128)</u>	<u>(\$6,999,406)</u>	<u>\$3,046,278</u>

## HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

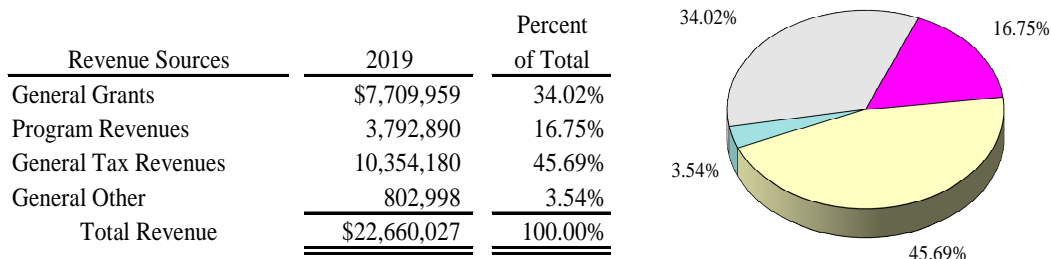
**Unaudited**

### **Governmental Activities**

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$18,064,139 and represent 96% of total general revenue.

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

Property taxes made up 46% of revenues for governmental activities for Heath City Schools in fiscal year 2019. 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 \$11,751,982, which is higher than last year's total of \$11,039,500. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2019 and 2018.

	Fund Balance June 30, 2019	Fund Balance June 30, 2018	Increase (Decrease)
General	\$9,435,907	\$8,886,393	\$549,514
Bond Retirement	1,443,227	1,399,129	44,098
Other Governmental	872,848	753,978	118,870
Total	\$11,751,982	\$11,039,500	\$712,482

## HEATH CITY SCHOOL DISTRICT

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

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

	2019 Revenues	2018 Revenues	Increase (Decrease)
Taxes	\$8,946,436	\$10,489,186	(\$1,542,750)
Tuition	1,743,264	1,425,622	317,642
Investment Earnings	258,422	85,330	173,092
Class Materials and Fees	65,452	59,295	6,157
Intergovernmental - State	7,572,859	7,501,822	71,037
All Other Revenue	503,456	229,227	274,229
Total	\$19,089,889	\$19,790,482	(\$700,593)

General Fund revenues in 2019 decreased approximately 3.5% compared to revenues in fiscal year 2018. During fiscal year 2019, the District had a decrease in Taxes. The decrease in Taxes is a result of recognizing an additional \$0.9 million in Advance Tax payments in fiscal year 2018 for payment of property taxes prior to December 31, 2017 due to changes in the Federal Tax Code. The \$0.9 million of tax revenues which was recognized in fiscal year 2018 instead of fiscal year 2019 resulted in a \$1.5 million decrease between the two years. The increase in tuition is due to a 23.4% increase in the number of students enrolled under the open enrollment option. Investment earnings increased due to a rising interest rate environment, larger cash holdings than the prior year and a larger portion of cash holdings were held in higher interest bearing accounts.

	2019 Expenditures	2018 Expenditures	Increase (Decrease)
Instruction	\$10,728,823	\$10,444,109	\$284,714
Supporting Services:			
Pupils Support	808,546	615,764	192,782
Instructional Staff Support	640,078	530,630	109,448
Board of Education	106,787	63,368	43,419
Administration	1,479,478	1,574,745	(95,267)
Fiscal Services	669,479	607,468	62,011
Business	16,137	17,892	(1,755)
Operation and Maintenance of Plant	1,830,963	1,575,075	255,888
Pupil Transportation	700,882	652,338	48,544
Central	292,435	246,830	45,605
Operation of Non-Instructional Services:			
Food Service Operations	2,145	873	1,272
Extracurricular Activities	542,791	450,718	92,073
Capital Outlay	725,296	173,287	552,009
Debt Service:			
Principal Retirement	77,351	49,331	28,020
Interest and Fiscal Charges	8,384	10,455	(2,071)
Total	\$18,629,575	\$17,012,883	\$1,616,692



## **HEATH CITY SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019***

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The expenditures increased by \$1,616,692 or 9.5% compared to the prior year. The overall increase is due to factors that impact several categories. For example, salary and benefit costs increased in almost every category and account for nearly three-fourths of expenditure increases from FY 2018 to FY 2019. Overall, salary costs increased 5.3% in part due to negotiated base increases of 2.0% for certified staff and 2.5% for non-certified staff in addition to step increases. Furthermore, four special education teaching positions were added so that the District could provide services previously outsourced and to provide services to a growing special education student population. In addition, the Board's share of insurance premiums increased 6.9% and a higher proportion of employees opted for family coverage than the prior year.

Instruction services increased 2.7% from the prior year, accounting for 17.6% of the overall \$1.6 million increase from FY 18 to FY 19. As discussed above, the majority of these increases are explained by an increase in negotiated salaries, increases in teaching positions, and increases in insurance premiums. Also, the District purchased additional books and workbooks that will be used over the next three years.

Pupil Support Costs increased 31.3% from the prior year, explaining 11.9% of the overall \$1.6 million increase from FY 18 to FY 19. The majority of this increase is caused by a change in categorizing outsourced ancillary services for special needs students from instructional costs to pupil support costs.

Instructional staff support costs increased 20.6% from the prior year, explaining 6.8% of the overall \$1.6 million increase from FY 18 to FY 19. The majority of this increase is due to the addition of an educational aide and reclassification of a portion of the fringe benefits for curriculum support staff.

Maintenance costs increased 16.2% from the prior year, accounting for 15.8% of the overall \$1.6 million increase from FY 18 to FY 19. Maintenance cost increases include an investment in energy efficient lighting replacement, asphalt repair and sealing, and the repair of the high school auxiliary gym for water damage.

Capital Outlay costs increased 318.6% compared to the prior year, explaining 34.1% of the overall \$1.6 million increase from FY 18 to FY 19. Capital outlay costs increases from the prior year include half the cost of air conditioning the elementary school classrooms and the replacement of a section of roof at the high school.

*Bond Retirement Fund* – The fund balance did not change significantly from fiscal year 2018.

# HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

Unaudited

## 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 2019 the District amended its General Fund budget several times, but the overall changes were not significant. Excluding other financing sources, revenues were 6.3% higher than originally budgeted and 1.3% higher than the final budget. Deviations from the original budget are explained by a lower property tax delinquency rate than anticipated, higher public utility personal property values than expected, and a higher open enrollment student population than originally anticipated. The General Fund budget actual revenue increased approximately \$254,114 compared to the final budget estimates. The increase was a result of a refund of prior year expenditures that became known after establishing final revenue estimates.

Actual expenditures were closely aligned with budgeted expenditures. Excluding other financing uses (intrafund transfers and advances taking place within the General Fund that lacked true "economic impact"), actual expenditures were 99.5% of the original budget and 98.9% of the final budgeted expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal 2019, the District had \$11,088,768 net of accumulated depreciation invested in land, buildings, equipment, and vehicles. The following table shows fiscal year 2019 and 2018 balances:

	Governmental Activities		Increase (Decrease)
	2019	2018	
Land	\$438,952	\$438,952	\$0
Land Improvements	2,161,359	2,161,359	0
Buildings and Improvements	22,447,153	22,220,267	226,886
Machinery and Equipment	1,588,057	1,503,052	85,005
Vehicles	1,163,027	1,084,996	78,031
Construction in Progress	406,830	0	406,830
Less: Accumulated Depreciation	(17,116,610)	(16,238,909)	(877,701)
Totals	\$11,088,768	\$11,169,717	(\$80,949)

The District's capital assets decreased in 2019 due to depreciation, this was somewhat offset by a roof replacement, the purchase of two busses, the start of another roof replacement project as well as the installation of air-conditioning in two elementary schools which were still in progress at fiscal year-end. Additional information on the District's capital assets can be found in Note 9.

# HEATH CITY SCHOOL DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

Unaudited

### Debt

At June 30, 2019, the District had \$11.0 million in general obligation bonds, capital leases and compensated absences outstanding, \$1,268,992 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2019 and 2018:

	2019	2018
Governmental Activities:		
General Obligation Bonds Payable	\$9,655,045	\$10,566,487
Capital Leases Payable	113,850	191,201
Compensated Absences	1,258,751	1,130,590
Totals	<u>\$11,027,646</u>	<u>\$11,888,278</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2019, 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.

### 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). 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

## Statement of Net Position June 30, 2019

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 8,605,990
Investments	4,449,476
Receivables:	
Taxes	11,831,576
Accounts	19,396
Intergovernmental	142,224
Interest	12,645
Inventory	13,255
Prepaid Items	289,645
Net OPEB Asset	1,013,484
Capital Assets:	
Nondepreciable Capital Assets	845,782
Depreciable Capital Assets, Net	10,242,986
Total Capital Assets, Net	<u>11,088,768</u>
<b>Total Assets</b>	<u>37,466,459</u>
<b>Deferred Outflows of Resources:</b>	
Pension	5,036,673
OPEB	362,368
<b>Total Deferred Outflows of Resources</b>	<u>5,399,041</u>
<b>Liabilities:</b>	
Accounts Payable	308,813
Accrued Wages and Benefits	1,520,915
Intergovernmental Payable	260,227
Accrued Interest Payable	22,293
Long Term Liabilities:	
Due Within One Year	1,268,992
Due in More Than One Year:	
Net Pension Liability	17,733,080
Net OPEB Liability	1,887,777
Other Amounts Due in More Than One Year	9,758,654
<b>Total Liabilities</b>	<u>32,760,751</u>

## **HEATH CITY SCHOOL DISTRICT**

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	<b>Governmental Activities</b>
<b>Deferred Inflows of Resources:</b>	
Property Taxes	11,061,004
Deferred Gain on Refunding	230,064
Pension	1,038,591
OPEB	1,728,218
Total Deferred Inflows of Resources	<u>14,057,877</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	2,516,261
Restricted For:	
Capital Projects	737,612
Debt Service	1,442,042
Statutory Purposes	111,260
Federal and State Grant Programs	38,835
Unrestricted (Deficit)	<u>(8,799,138)</u>
<b>Total Net Position</b>	<u><u>\$ (3,953,128)</u></u>

See accompanying notes to the basic financial statements



## HEATH CITY SCHOOL DISTRICT

### Statement of Activities For the Fiscal Year Ended June 30, 2019

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 10,521,710	\$ 1,823,216	\$ 617,312	\$ (8,081,182)
Support Services:				
Pupils	874,557	83,483	113,165	(677,909)
Instructional Staff	706,334	0	71,401	(634,933)
Board of Education	106,787	0	0	(106,787)
Administration	1,485,126	0	38,118	(1,447,008)
Fiscal Services	732,416	0	0	(732,416)
Business	16,137	0	0	(16,137)
Operation and Maintenance of Plant	1,933,978	0	0	(1,933,978)
Pupil Transportation	757,602	0	4,755	(752,847)
Central	265,375	0	7,200	(258,175)
Operation of Non-Instructional Services:				
Food Service Operations	923,351	437,187	449,935	(36,229)
Extracurricular Activities	849,040	147,118	0	(701,922)
Interest and Fiscal Charges	441,336	0	0	(441,336)
<b>Total Governmental Activities</b>	<b>\$ 19,613,749</b>	<b>\$ 2,491,004</b>	<b>\$ 1,301,886</b>	<b>(15,820,859)</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				8,964,782
Debt Service				1,206,282
Capital Outlay				183,116
Grants and Entitlements not Restricted to Specific Programs				7,709,959
Investment Earnings				309,956
Miscellaneous				493,042
Total General Revenues				18,867,137
Change in Net Position				3,046,278
Net Position Beginning of Year				(6,999,406)
Net Position End of Year				\$ (3,953,128)

See accompanying notes to the basic financial statements

## HEATH CITY SCHOOL DISTRICT

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 6,096,377	\$ 1,371,917	\$ 893,509	\$ 8,361,803
Investments	4,449,476	0	0	4,449,476
Receivables:				
Taxes	10,178,927	1,444,108	208,541	11,831,576
Accounts	1,486	0	17,078	18,564
Intergovernmental	13,899	0	128,325	142,224
Interest	12,645	0	0	12,645
Interfund Loan Receivable	69,000	0	0	69,000
Inventory	0	0	13,255	13,255
Prepaid Items	228,193	0	61,452	289,645
<b>Total Assets</b>	<b>\$ 21,050,003</b>	<b>\$ 2,816,025</b>	<b>\$ 1,322,160</b>	<b>\$ 25,188,188</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 306,539	\$ 0	\$ 2,274	\$ 308,813
Accrued Wages and Benefits	1,395,435	0	125,480	1,520,915
Intergovernmental Payable	241,369	0	18,858	260,227
Interfund Loans Payable	0	0	69,000	69,000
<b>Total Liabilities</b>	<b>1,943,343</b>	<b>0</b>	<b>215,612</b>	<b>2,158,955</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	9,514,504	1,351,690	194,810	11,061,004
Unavailable Revenue	156,249	21,108	38,890	216,247
<b>Total Deferred Inflows of Resources</b>	<b>9,670,753</b>	<b>1,372,798</b>	<b>233,700</b>	<b>11,277,251</b>
<b>Fund Balances:</b>				
Nonspendable	228,193	0	74,707	302,900
Restricted	0	1,443,227	845,627	2,288,854
Assigned	682,787	0	0	682,787
Unassigned	8,524,927	0	(47,486)	8,477,441
<b>Total Fund Balances</b>	<b>9,435,907</b>	<b>1,443,227</b>	<b>872,848</b>	<b>11,751,982</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 21,050,003</b>	<b>\$ 2,816,025</b>	<b>\$ 1,322,160</b>	<b>\$ 25,188,188</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, 2019***

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<b>Total Governmental Fund Balances</b>	\$ 11,751,982
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	11,088,768
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	216,247
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	5,036,673
Deferred Inflows - Pension	(1,038,591)
Net Pension Liability	<u>(17,733,080)</u> (17,734,998)
The net OPEB liability/asset is not due and payable nor available in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - OPEB	362,368
Deferred Inflows - OPEB	(1,728,218)
Net OPEB Asset	1,013,484
Net OPEB Liability	<u>(1,887,777)</u> (2,240,143)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds Payable	(7,870,047)
Deferred Gain on Refunding (to be amortized over life of debt)	(230,064)
Issuance Premium (to be amortized over life of debt)	(358,546)
Interest Accretion (to be amortized as interest expense)	(1,426,452)
Capital Leases Payable	(113,850)
Compensated Absences Payable	(1,258,751)
Accrued Interest Payable	<u>(22,293)</u> (11,280,003)
The internal service fund is used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.	<u>245,019</u>
<b><i>Net Position of Governmental Activities</i></b>	<b><u><u>\$ (3,953,128)</u></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, 2019

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 8,946,436	\$ 1,203,757	\$ 182,702	\$ 10,332,895
Tuition	1,743,264	0	0	1,743,264
Food Services	0	0	437,187	437,187
Investment Earnings	258,422	0	43,221	301,643
Extracurricular Activities	0	0	147,118	147,118
Class Materials and Fees	65,452	0	0	65,452
Intergovernmental - State	7,572,859	233,735	33,638	7,840,232
Intergovernmental - Federal	0	0	1,175,567	1,175,567
All Other Revenue	503,456	0	87,569	591,025
<b>Total Revenues</b>	<b>19,089,889</b>	<b>1,437,492</b>	<b>2,107,002</b>	<b>22,634,383</b>
<b>Expenditures:</b>				
Current:				
Instruction	10,728,823	0	685,554	11,414,377
Supporting Services:				
Pupils	808,546	0	110,236	918,782
Instructional Staff	640,078	0	54,720	694,798
Board of Education	106,787	0	0	106,787
Administration	1,479,478	0	56,233	1,535,711
Fiscal Services	669,479	20,116	3,000	692,595
Business	16,137	0	0	16,137
Operation and Maintenance of Plant	1,830,963	0	0	1,830,963
Pupil Transportation	700,882	0	4,755	705,637
Central	292,435	0	4,304	296,739
Operation of Non-Instructional Services:				
Food Service Operations	2,145	0	867,045	869,190
Extracurricular Activities	542,791	0	208,257	751,048
Capital Outlay	725,296	0	0	725,296
Debt Service:				
Principal Retirement	77,351	1,105,000	0	1,182,351
Interest and Fiscal Charges	8,384	268,278	0	276,662
<b>Total Expenditures</b>	<b>18,629,575</b>	<b>1,393,394</b>	<b>1,994,104</b>	<b>22,017,073</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	460,314	44,098	112,898	617,310

## **HEATH CITY SCHOOL DISTRICT**

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	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Other Financing Sources:</b>				
Insurance Proceeds	89,200	0	0	89,200
<b>Total Other Financing Sources</b>	89,200	0	0	89,200
Net Change in Fund Balances	549,514	44,098	112,898	706,510
<b>Fund Balances at Beginning of Year</b>	8,886,393	1,399,129	753,978	11,039,500
Increase in Inventory	0	0	5,972	5,972
<b>Fund Balances End of Year</b>	\$ 9,435,907	\$ 1,443,227	\$ 872,848	\$ 11,751,982

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, 2019***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 706,510
<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.	(80,949)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	20,542
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	1,411,732
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(2,006,268)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB income/(expense) in the statement of activities.	2,098,336
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.	1,182,351
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	(128,161)	
Interest Accretion	(238,376)	
Amortization of Deferred Gain on Refunding	28,757	
Amortization of Premium on Bond Issuance	44,818	
Change in Inventory	<u>5,972</u>	(286,990)

The internal service fund, which is used by management to charge the costs of services to individual funds, is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

887

***Change in Net Position of Governmental Activities***

\$ 3,046,278

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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 9,378,700	\$ 9,855,700	\$ 9,854,836	\$ (864)
Tuition	1,391,000	1,746,000	1,743,264	(2,736)
Investment Earnings	90,000	190,000	202,808	12,808
Class Material and Fees	2,250	2,250	3,635	1,385
Intergovernmental - State	7,622,385	7,609,551	7,610,257	706
All Other Revenues	79,100	77,100	319,915	242,815
Total Revenues	18,563,435	19,480,601	19,734,715	254,114
<b>Expenditures:</b>				
Current:				
Instruction	10,716,358	10,674,430	10,674,102	328
Support Services:				
Pupils	679,483	789,149	773,699	15,450
Instructional Staff	409,154	626,864	617,009	9,855
Board of Education	102,065	117,365	108,037	9,328
Administration	1,744,837	1,509,772	1,499,524	10,248
Fiscal Services	617,639	697,558	676,763	20,795
Business	21,420	21,426	15,902	5,524
Operation and Maintenance of Plant	1,895,213	1,914,444	1,854,513	59,931
Pupil Transportation	782,742	733,695	719,345	14,350
Central	549,954	347,007	327,003	20,004
Non-Instructional Services:				
Food Services	1,516	2,216	2,145	71
Extracurricular Activities	465,310	512,269	494,559	17,710
Capital Outlay	396,000	544,172	523,656	20,516
Debt Service:				
Principal Retirement	77,614	77,351	77,351	0
Interest and Fiscal Charges	8,384	8,384	8,384	0
Total Expenditures	18,467,689	18,576,102	18,371,992	204,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	95,746	904,499	1,362,723	458,224

## **HEATH CITY SCHOOL DISTRICT**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	5,000	0	0	0
Insurance Proceeds	0	89,200	89,200	0
Transfers In	0	500,000	0	(500,000)
Transfers Out	(50,000)	(520,200)	(20,200)	500,000
Advances In	0	5,000	5,000	0
Advances Out	0	(69,000)	(69,000)	0
Total Other Financing Sources (Uses)	(45,000)	5,000	5,000	0
 Net Change in Fund Balance	 50,746	 909,499	 1,367,723	 458,224
Fund Balance at Beginning of Year	8,456,096	8,456,096	8,456,096	0
Prior Year Encumbrances	368,846	368,846	368,846	0
Fund Balance at End of Year	\$ 8,875,688	\$ 9,734,441	\$ 10,192,665	\$ 458,224

See accompanying notes to the basic financial statements

**HEATH CITY SCHOOL DISTRICT**

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**Statement of Net Position  
Proprietary Fund  
June 30, 2019**

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	Governmental Activities - Internal Service Funds
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 244,187
Receivables:	
Accounts	832
<b>Total Assets</b>	<u>245,019</u>
<b>Liabilities:</b>	
<b>Total Liabilities</b>	<u>0</u>
<b>Net Position:</b>	
Unrestricted	<u>245,019</u>
<b>Total Net Position</b>	<u>\$ 245,019</u>

See accompanying notes to the basic financial statements



## **HEATH CITY SCHOOL DISTRICT**

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***Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2019***

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	Governmental Activities - Internal Service Funds
<b>Operating Revenues:</b>	
All Other Revenue	\$ 832
<b>Total Operating Revenues</b>	<u>832</u>
<b>Operating Expenses:</b>	
Contractual Services	5,047
<b>Total Operating Expenses</b>	<u>5,047</u>
Operating Loss	(4,215)
<b>Nonoperating Revenue:</b>	
Investment Earnings	5,102
<b>Total Nonoperating Revenues</b>	<u>5,102</u>
Change in Net Position	887
Net Position Beginning of Year	<u>244,132</u>
Net Position End of Year	<u>\$ 245,019</u>

See accompanying notes to the basic financial statements

## **HEATH CITY SCHOOL DISTRICT**

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### ***Statement of Cash Flows***

### ***Proprietary Fund***

***For the Fiscal Year Ended June 30, 2019***

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	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Goods and Services	\$ (5,047)
Cash Payments for Claims	(231,816)
Net Cash Used by Operating Activities	<u>(236,863)</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	5,102
Net Cash Provided by Investing Activities	<u>5,102</u>
Net Decrease in Cash and Cash Equivalents	(231,761)
Cash and Cash Equivalents at Beginning of Year	475,948
Cash and Cash Equivalents at End of Year	<u><u>\$244,187</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$4,215)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(832)
Decrease in Claims Payable	(231,816)
Total Adjustments	<u>(232,648)</u>
Net Cash Used by Operating Activities	<u><u>\$ (236,863)</u></u>

See accompanying notes to the basic financial statements

**HEATH CITY SCHOOL DISTRICT**

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**Statement of Net Position  
Fiduciary Funds  
June 30, 2019**

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	Private Purpose Trust	
	Special Trust Fund	Agency
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 1,270	\$ 51,619
<b>Total Assets</b>	<u>1,270</u>	<u>51,619</u>
<b>Liabilities:</b>		
Due to Others	0	660
Due to Students	0	50,959
<b>Total Liabilities</b>	<u>0</u>	<u>51,619</u>
<b>Net Position:</b>		
Unrestricted	1,270	0
<b>Total Net Position</b>	<u>\$ 1,270</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**HEATH CITY SCHOOL DISTRICT**

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**Statement of Changes in Net Position**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2019**

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	Private Purpose Trust
	<u>Special Trust Fund</u>
<b>Additions:</b>	
Total Additions	\$           0
<b>Deductions:</b>	
Community Gifts, Awards and Scholarships	<u>100</u>
Total Deductions	<u>100</u>
Change in Net Position	(100)
Net Position at Beginning of Year	<u>1,370</u>
Net Position End of Year	<u>\$       1,270</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, 2019***

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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 56 noncertified and approximately 118 certified teaching personnel and administrative employees providing education to 1,685 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.

#### **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.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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

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

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 (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the 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.

***Proprietary Funds*** - The District classifies funds financed primarily from user charges for goods or services as proprietary. The District has no enterprise funds. The following is a description of the District's internal service fund:

**Internal Service Fund** Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund accounts for a self-insurance program which provided insurance benefits to employees.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore are not available to support the District's own programs. The District's only trust fund is a private purpose trust that accounts for scholarship programs for students. The District's agency funds account for various student-managed activity programs and tournament money for the Ohio High School Athletic Association. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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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, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” services.

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. Fiduciary funds are reported by fund type.

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

Private purpose trust funds are reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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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, proprietary, and fiduciary funds. 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, 2019*

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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 agency 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 2019.

#### **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, 2019***

**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)	\$549,514
Increase (Decrease):	
Accrued Revenues	
at June 30, 2019,	
received during FY 2020	(605,204)
Accrued Revenues	
at June 30, 2018,	
received during FY 2019	1,483,891
Accrued Expenditures	
at June 30, 2019,	
paid during FY 2020	1,943,343
Accrued Expenditures	
at June 30, 2018,	
paid during FY 2019	(1,680,938)
FY 2019 Prepays for FY 2020	(228,193)
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	(19,062)
Adjustment to Fair Value	(52,324)
Encumbrances Outstanding	(23,304)
Budget Basis	\$1,367,723

# HEATH CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019*

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

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

During fiscal year 2019, 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 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 2019, 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 2019, 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 \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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, 2019**

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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, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**J. Capital Assets and Depreciation**

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Depreciation

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

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

**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019***

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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
Capital Leases Payable	General 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, 2019.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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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, 2019*

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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 receivables/payables”. 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. Operating Revenues and Expenses**

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating revenues generally result from exchange transactions such as charges for services directly relating to the fund’s principal services. Operating expenses include claims and administrative costs. The fund statements report all other revenues and expenses as nonoperating.

#### **S. 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 2019. 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 2019, 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, 2019***

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

##### **T. 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.

##### **U. 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, 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, 2019***

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

##### **V. Fair Value**

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

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

For fiscal year 2019, the District implemented GASB Statement No. 83, “Certain Asset Retirement Obligations” and GASB Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements”.

Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

The primary objective of Statement No. 88 is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019*

#### NOTE 3 – FUND BALANCES

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

Fund Balances	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$228,193	\$0	\$61,452	\$289,645
Supplies Inventory	0	0	13,255	13,255
Total Nonspendable	<u>228,193</u>	<u>0</u>	<u>74,707</u>	<u>302,900</u>
Restricted:				
Food Service Operations	0	0	65,761	65,761
Community Activities	0	0	1,358	1,358
Extracurricular Activities	0	0	42,843	42,843
Technology Improvements	0	0	5,601	5,601
Professional Development	0	0	21,600	21,600
Safety Training	0	0	9,289	9,289
Limited English Proficiency	0	0	962	962
Improving Teacher Quality	0	0	49	49
Debt Service Payments	0	1,443,227	0	1,443,227
Capital Improvements	0	0	698,164	698,164
Total Restricted	<u>0</u>	<u>1,443,227</u>	<u>845,627</u>	<u>2,288,854</u>
Projected Budgetary Deficit	446,417	0	0	446,417
Assigned to Other Purposes	236,370	0	0	236,370
Total Assigned	<u>682,787</u>	<u>0</u>	<u>0</u>	<u>682,787</u>
Unassigned	<u>8,524,927</u>	<u>0</u>	<u>(47,486)</u>	<u>8,477,441</u>
Total Fund Balances	<u><u>\$9,435,907</u></u>	<u><u>\$1,443,227</u></u>	<u><u>\$872,848</u></u>	<u><u>\$11,751,982</u></u>

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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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	\$796,752
Depreciation Expense	(877,701)
	<u>(\$80,949)</u>

*Governmental revenues not reported in the funds:*

Increase in Delinquent Tax Revenue	\$21,285
Decrease in Intergovernmental Grants Receivable	(3,954)
Increase in Interest Earnings	3,211
	<u>\$20,542</u>

*Amount of current year contractually required contributions deferred:*

Pension Contributions	\$1,360,669
OPEB Contributions	51,063
	<u>\$1,411,732</u>

*Amount of bond and lease principal payments:*

Bond Principal Payment	\$1,105,000
Capital Lease Payment	77,351
	<u>\$1,182,351</u>

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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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 or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

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

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;
- 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;

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

- Time certificates of deposit accounts including, but not limited to, passbook accounts;
- The State Treasury Asset Reserve of Ohio (STAR Ohio);
- 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; and,

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.

At year end the carrying amount of the District's deposits was \$7,515,796 and the bank balance was \$7,977,867. Federal depository insurance covered \$7,730,909 of the bank balance and \$266,958 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held in the Ohio Pooled Collateral System	<u>\$246,958</u>
Total Balance	<u><u>\$246,958</u></u>

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 2019 amounted to \$258,422. This includes \$42,369 assigned from other District funds.

## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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

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

The District's investments at June 30, 2019 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3 years	3-5 years
STAR Ohio	\$1,144,183	a AAAm <sup>2</sup>	\$1,144,183	\$0	\$0
FNMA Notes	398,293	b Aaa <sup>1</sup> , AA+ <sup>2</sup>	144,890	253,403	0
Commercial Paper	1,641,275	P-1 <sup>1</sup>	1,641,275	0	0
Negotiable CD	2,408,808	AAA <sup>3</sup>	0	1,374,970	1,033,838
Total Investments	<u>\$5,592,559</u>		<u>\$2,930,348</u>	<u>\$1,628,373</u>	<u>\$1,033,838</u>

<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.

<sup>b</sup> \$154,073 in securities are callable in November 2019, and \$99,330 in securities are callable in January 2020.

The District's investments in federal agency securities (FNMA), 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, 21% are STAR Ohio, 7% are FNMA, 29% are Commercial Paper, and 43% 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.

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

**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.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$8,658,879	\$4,449,476
Certificates of Deposit (with maturities of more than 3 months)	1,100	(1,100)
STAR Ohio	<u>(1,144,183)</u>	<u>1,144,183</u>
Per GASB Statement No. 3	<u><u>\$7,515,796</u></u>	<u><u>\$5,592,559</u></u>

**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 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, 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 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018 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.

## **HEATH CITY SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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

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, 2019, are available to finance fiscal year 2019 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 2019 receipts were based are:

	Assessed Values for Collection in:	
	2018 Second Half	2019 First Half
Agricultural/Residential and Other Real Estate	\$259,175,790	\$259,850,293
Public Utility Personal	12,215,810	18,044,810
Total Assessed Value	\$271,391,600	\$277,895,103
Tax rate per \$1,000 of assessed valuation	\$62.60	\$62.60

#### ***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, 2019, 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 2019, the District's property tax revenues were reduced under agreements entered into by another government as follows:

Government Entering Into Agreement	District Taxes Abated
City of Heath	\$ 443,142



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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

Receivables at June 30, 2019 consisted of accounts, taxes, intergovernmental and interest receivables. All receivables are expected to be collected within the next year.

#### **NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

Following is a summary of interfund receivables and payables for all funds at June 30, 2019:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$69,000	\$0
Nonmajor Governmental Funds	0	69,000
Totals	<u>\$69,000</u>	<u>\$69,000</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, 2019.

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## HEATH CITY SCHOOL DISTRICT

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

#### NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2019:

*Historical Cost:*

Class	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019
<i>Capital Assets not being depreciated:</i>				
Land	\$438,952	\$0	\$0	\$438,952
Construction In Progress	0	406,830	0	406,830
Subtotal	438,952	406,830	0	845,782
<i>Capital Assets being depreciated:</i>				
Land Improvements	2,161,359	0	0	2,161,359
Buildings and Improvements	22,220,267	226,886	0	22,447,153
Furniture, Fixtures and Equipment	1,503,052	85,005	0	1,588,057
Vehicles	1,084,996	78,031	0	1,163,027
Subtotal	26,969,674	389,922	0	27,359,596
Total Cost	\$27,408,626	\$796,752	\$0	\$28,205,378

*Accumulated Depreciation:*

Class	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019
Land Improvements	(\$1,756,411)	(\$82,982)	\$0	(\$1,839,393)
Buildings and Improvements	(12,496,428)	(657,919)	0	(13,154,347)
Furniture, Fixtures and Equipment	(1,155,389)	(77,366)	0	(1,232,755)
Vehicles	(830,681)	(59,434)	0	(890,115)
Total Depreciation	(\$16,238,909)	(\$877,701) *	\$0	(\$17,116,610)
<i>Net Value:</i>	\$11,169,717			\$11,088,768

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

Instruction	\$452,798
Support Services:	
Pupils	20,460
Instructional Staff	20,917
Administration	43,118
Fiscal Services	2,117
Operations and Maintenance of Plant	55,381
Pupil Transportation	76,452
Central	1,709
Operation of Non-Instructional Services:	
Food Service	33,887
Extracurricular Activities	170,862
Total Depreciation Expense	\$877,701

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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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, 2019***

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

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

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

Effective January 1, 2018, cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. The Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018. HB 49 also provided the SERS Retirement Board with the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W; however, any adjustment above or below CPI-W could only be enacted if the system’s actuary determines it would not materially impair the fiscal integrity of the system, or is necessary to preserve the fiscal integrity of the system.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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

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

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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5% was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$300,653 for fiscal year 2019. Of this amount \$9,039 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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, cost-of-living adjustment (COLA) was reduced to 0%. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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

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

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 after termination of employment at age 50 or later.

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, 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. 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, 2019, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,060,016 for fiscal year 2019. Of this amount \$193,192 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, 2018, 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.

## HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019*

**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	\$3,865,214	\$13,867,866	\$17,733,080
Proportion of the Net Pension Liability -2019	0.0674889%	0.06307086%	
Proportion of the Net Pension Liability -2018	<u>0.0627987%</u>	<u>0.06196745%</u>	
Percentage Change	<u>0.0046902%</u>	<u>0.00110341%</u>	
Pension Expense	\$545,101	\$1,461,167	\$2,006,268

At June 30, 2019, 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	\$211,982	\$320,113	\$532,095
Change of assumptions	87,286	2,457,648	2,544,934
District contributions subsequent to the measurement date	300,653	1,060,016	1,360,669
Changes in proportionate share	<u>198,397</u>	<u>400,578</u>	<u>598,975</u>
Total Deferred Outflows of Resources	<u>\$798,318</u>	<u>\$4,238,355</u>	<u>\$5,036,673</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$90,565	\$90,565
Net difference between projected and actual earnings on pension plan investments	<u>107,094</u>	<u>840,932</u>	<u>948,026</u>
Total Deferred Inflows of Resources	<u>\$107,094</u>	<u>\$931,497</u>	<u>\$1,038,591</u>

\$1,360,669 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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:			
2020	\$428,566	\$1,335,069	\$1,763,635
2021	121,695	906,389	1,028,084
2022	(126,844)	144,208	17,364
2023	<u>(32,846)</u>	<u>(138,824)</u>	<u>(171,670)</u>
Total	<u>\$390,571</u>	<u>\$2,246,842</u>	<u>\$2,637,413</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, 2019***

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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, 2018, 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 2018, 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 for the five year period ended June 30, 2015.



## **HEATH CITY SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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

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

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 (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return 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 allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
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, 2019**

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

**D. Actuarial Assumptions (Continued)**

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$5,444,446	\$3,865,214	\$2,541,134

**State Teachers Retirement System (STRS)**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017 are presented below:

	July 1, 2018	July 1, 2017
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate	7.45 percent	7.45 percent
Payroll Increases	3 percent	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017

For the July 1, 2017 and July 1, 2018, actuarial valuation, 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, 2017 and July 1, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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:

## HEATH CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019*

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

**D. Actuarial Assumptions (Continued)**

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

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

\*\* The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

**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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$20,252,193	\$13,867,866	\$8,464,400

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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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. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

##### **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, 2019***

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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 2019, 0.5 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 2019, this amount was \$21,600. 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 2019, the District's surcharge obligation was \$39,928.

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 \$51,063 for fiscal year 2019. Of this amount, \$40,263 is reported as an intergovernmental payable.

## **HEATH CITY SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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

**B. Plan Description** (Continued)

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can 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 to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

**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, 2018, 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 respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	\$1,887,777	(\$1,013,484)	\$874,293
Proportion of the Net OPEB Liability (Asset) -2019	0.0680459%	0.06307086%	
Proportion of the Net OPEB Liability -2018	<u>0.0631065%</u>	<u>0.06196745%</u>	
Percentage Change	<u>0.0049394%</u>	<u>0.00110341%</u>	
OPEB Expense	\$93,333	(\$2,191,669)	(\$2,098,336)

## HEATH CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$30,815	\$118,377	\$149,192
Changes in proportionate share	122,792	39,321	162,113
District contributions subsequent to the measurement date	<u>51,063</u>	<u>0</u>	<u>51,063</u>
Total Deferred Outflows of Resources	<u>\$204,670</u>	<u>\$157,698</u>	<u>\$362,368</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$59,049	\$59,049
Changes of assumptions	169,604	1,380,952	1,550,556
Net difference between projected and actual earnings on OPEB plan investments	<u>2,831</u>	<u>115,782</u>	<u>118,613</u>
Total Deferred Inflows of Resources	<u>\$172,435</u>	<u>\$1,555,783</u>	<u>\$1,728,218</u>

\$51,063 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	(\$46,328)	(\$250,797)	(\$297,125)
2021	(31,258)	(250,797)	(282,055)
2022	16,462	(250,797)	(234,335)
2023	17,666	(224,503)	(206,837)
2024	17,470	(215,272)	(197,802)
Thereafter	<u>7,160</u>	<u>(205,919)</u>	<u>(198,759)</u>
Total	<u>(\$18,828)</u>	<u>(\$1,398,085)</u>	<u>(\$1,416,913)</u>

# HEATH CITY SCHOOL DISTRICT

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

### 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 date of June 30, 2018 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 investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare - Measurement Date	5.375 to 4.75 percent
Pre-Medicare - Measurement Date	7.25 to 4.75 percent
Medicare - Prior Measurement Date	5.50 to 5.00 percent
Pre-Medicare - Prior Measurement Date	7.50 to 5.00 percent



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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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 Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
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, 2019**

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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, 2018 was 3.70%. The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the 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, 2026. 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, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (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 (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School District's proportionate share of the net OPEB liability	\$2,290,669	\$1,887,777	\$1,568,762
	1% Decrease (6.25% Decreasing to 3.75%)	Current Trend Rate (7.25% Decreasing to 4.75%)	1% Increase (8.25% Decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,523,090	\$1,887,777	\$2,370,688

**HEATH CITY SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

**D. Actuarial Assumptions (Continued)**

**State Teachers Retirement System (STRS)**

The total OPEB liability (asset) in the June 30, 2018 and 2017 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2018	June 30, 2017
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.0%, effective July 1, 2017	0.0%, effective July 1, 2017
Blended Discount Rate of Return	7.45%	4.13%
Health Care Cost Trends-Medical	5.00% to 6% initial, 4.0% ultimate	6% to 11% initial, 4.5% ultimate
Health Care Cost Trends - Prescription Drug	(5.23)% to 8% initial, 4.0% 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, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 4.13 percent to 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. Non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued January 1, 2020.

## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019*

#### 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:

Asset Class	Target Allocation**	Long-Term Expected 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 %	

\* 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.

\*\* The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Discount Rate** - The discount rate used to measure the total OPEB liability (asset) was 7.45 percent as of June 30, 2018. 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 (asset) as of June 30, 2018.

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB liability (asset)	(\$868,651)	(\$1,013,484)	(\$1,135,210)
	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
School District's proportionate share of the net OPEB liability (asset)	(\$1,128,338)	(\$1,013,484)	(\$896,841)

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## HEATH CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements* *For the Fiscal Year Ended June 30, 2019*

#### 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.

Detail of the changes in the bonds, capital leases payable and compensated absences of the District for the year ended June 30, 2019 is as follows:

		Balance June 30, 2018	Issued	Retired	Balance June 30, 2019	Due Within One Year
<b>Governmental Activities:</b>						
General Obligation Bonds Payable:						
School Improvement Bonds	6.38%	\$910,000	\$0	(\$5,000)	\$905,000	\$5,000
School Improvement Bonds-Refunding-2005	2.75-4.2%	719,987	0	(264,940)	455,047	238,795
School Improvement Bonds-Refunding-2015	2-4%	6,570,000	0	(60,000)	6,510,000	60,000
Subtotal General Obligation Bonds Payable		8,199,987	0	(329,940)	7,870,047	303,795
Premium on Refunding Bonds		403,364	0	(44,818)	358,546	0
Interest Accretion		1,963,136	238,376	(775,060)	1,426,452	801,205
Total General Obligation Bonds Payable		10,566,487	238,376	(1,149,818)	9,655,045	1,105,000
Capital Leases		191,201	0	(77,351)	113,850	55,378
Compensated Absences		1,130,590	237,274	(109,113)	1,258,751	108,614
Total Governmental Activities		\$11,888,278	\$475,650	(\$1,336,282)	\$11,027,646	\$1,268,992

**HEATH CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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**NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**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, 2019, follows:

Years	General Obligation Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2020	\$303,795	\$1,067,964	\$55,378	\$4,832
2021	281,252	1,093,989	58,472	1,739
2022	1,000,000	249,059	0	0
2023	1,135,000	209,453	0	0
2024	1,180,000	162,563	0	0
2025-2028	3,970,000	234,047	0	0
Totals	<u>\$7,870,047</u>	<u>\$3,017,075</u>	<u>\$113,850</u>	<u>\$6,571</u>

**NOTE 13 - CAPITALIZED LEASES**

The District leases several copiers under capital leases. The cost of the equipment obtained under capital leases is \$260,671, which is included in the Governmental Activities Capital Assets and the related liability is included in the Governmental Activities Long-Term Liabilities.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2019:

Year Ending June 30,	Capital Leases
2020	\$60,210
2021	60,211
Minimum Lease Payments	120,421
Less: Amount representing interest at the District's incremental borrowing rate of interest	(6,571)
Present Value of minimum lease payments	<u>\$113,850</u>

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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#### **NOTE 14 - 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 2019 the District contracted with Wright Specialty Insurance for various insurance coverages, as follows:

<u>Coverage</u>	<u>Deductible</u>	<u>Aggregate</u>
	\$500/Comprehensive	
Fleet Insurance	\$500/Collision	\$1,000,000
Buildings and Contents	\$1,000	\$49,407,545
School District Liability	\$0	\$2,000,000
Employee Benefits Liability	\$1,000	\$1,000,000
School Leaders Errors and Omissions	\$2,500	\$1,000,000
Excess Policy	\$0	\$3,000,000
Crime	\$500	\$500,000
Inland Marine	\$0	\$100,000
Computers	\$500	\$100,000
Cyber	\$5,000	\$1,000,000
Excess Cyber	\$0	\$1,000,000

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

The District increased its aggregate excess liability policy to \$3 million and added cyber risk coverage during FY 2019. Heath CSD became a member of a cyber risk insurance pool insured by Catlin XL with the pool's liability limited to \$10 million. This pool is further insured by Indian Harbor Insurance Company and reinsured by a Lloyd's reinsurance syndicate for excess cyber coverage with a pool aggregate limit set at \$50 million 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



## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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

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.

For fiscal year 2019, the District provided health, dental, life and vision benefits through commercial coverage. Previous to July 1, 2018, the District provided group health and dental care to employees and their eligible dependents through a self-insured program. Premiums were paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the self-insurance fund are available to pay claims. The plan was administered by a third party administrator, Anthem Blue Cross and Blue Shield, which monitored all claim payments. Excess loss coverage became effective after \$95,000 per year per specific claim. In addition, the plan maintained aggregate stop loss limits of \$1,000,000 for all claims. Amounts paid up to the \$95,000 specific claim stop loss were included on the aggregate stop loss, but amounts over the \$95,000 limit were not; since the plan is reimbursed by the specific stop loss policy.

On July 1, 2018, the District terminated the self-insured insurance program and began a “run out” period for claims incurred before July 1, 2018 but not yet paid. The District joined 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 but at substantially the same level of benefits as in prior years. 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 maintained its relationship with Anthem Blue Cross and Blue Shield to provide vision and dental care insurance commercial coverage. The outstanding claims at June 30, 2019, for the health care self-insurance program amounted to \$0.

The claims liability reported in the fund at June 30, 2019 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund’s claims liability amount in 2019 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2018	\$355,500	\$1,746,736	(\$1,870,420)	\$231,816
2019	\$231,816	\$0	(\$231,816)	\$0

**HEATH CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019***

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**NOTE 15 – 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, 2019, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2018	\$0
Current Year Additions	309,027
Qualifying Offset	(216,851)
Current Year Disbursements	<u>(797,116)</u>
Totals	<u><u>(\$704,940)</u></u>
Balance Carried Forward to FY2020	<u><u>\$0</u></u>

The District had qualifying disbursements 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 16 - 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 consortium. 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 thirteen members made up of the thirteen district superintendents. The District paid LACA \$149,357 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Career and Technical Education Center, Ben Strey, 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, 2019***

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#### **NOTE 16 - 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 17 – 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, 2019, 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, 2019.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019***

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#### **NOTE 18 – OTHER COMMITMENTS**

As of June 30, 2019, the District had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Middle School Roof	\$68,958
Energy Efficient Lighting Project	103,899
Track Resurfacing	182,250
Elementary School Air Conditioning	153,252

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	\$23,304
Other Governmental Funds	<u>9,753</u>
Total Governmental Funds	<u><u>\$33,057</u></u>

#### **NOTE 19 - COMPLIANCE AND ACCOUNTABILITY**

Fund Deficits - The fund deficits at June 30, 2019 of \$13,829 in the Title VI-B Fund and \$21,944 in the Title I 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.



## **HEATH CITY SCHOOL DISTRICT**

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### ***Required Supplementary Information Schedule of District's Proportionate Share of the Net Pension Liability Last Six 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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<u>2017</u>	<u>2018</u>	<u>2019</u>
0.06160468%	0.06196745%	0.06307086%
\$20,620,943	\$14,720,501	\$13,867,866
\$6,625,093	\$6,743,314	\$7,242,279
311.26%	218.30%	191.48%
66.80%	75.30%	77.30%

<u>2017</u>	<u>2018</u>	<u>2019</u>
0.06282560%	0.06279870%	0.06748890%
\$4,598,254	\$3,752,084	\$3,865,214
\$1,951,129	\$2,087,236	\$2,127,704
235.67%	179.76%	181.66%
62.98%	69.50%	71.36%

## **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	<u>2010</u>	<u>2011</u>	<u>2012</u>
Contractually required contribution	\$891,874	\$926,673	\$928,456
Contributions in relation to the contractually required contribution	<u>891,874</u>	<u>926,673</u>	<u>928,456</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$6,860,569	\$7,128,254	\$7,141,969
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%

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

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

Fiscal Year	<u>2010</u>	<u>2011</u>	<u>2012</u>
Contractually required contribution	\$206,513	\$222,510	\$248,002
Contributions in relation to the contractually required contribution	<u>206,513</u>	<u>222,510</u>	<u>248,002</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$1,525,207	\$1,770,167	\$1,843,881
Contributions as a percentage of covered payroll	13.54%	12.57%	13.45%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$866,001	\$805,538	\$860,131	\$927,513	\$944,064	\$1,013,919	\$1,060,016
<u>866,001</u>	<u>805,538</u>	<u>860,131</u>	<u>927,513</u>	<u>944,064</u>	<u>1,013,919</u>	<u>1,060,016</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,661,546	\$6,196,446	\$6,143,793	\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543
13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$267,033	\$211,612	\$232,024	\$273,158	\$292,213	\$287,240	\$300,653
<u>267,033</u>	<u>211,612</u>	<u>232,024</u>	<u>273,158</u>	<u>292,213</u>	<u>287,240</u>	<u>300,653</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,929,429	\$1,526,782	\$1,760,425	\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059
13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%



## **HEATH CITY SCHOOL DISTRICT**

**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits**  
**(OPEB) Liability (Asset)**  
**Last Three 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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### ***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>2010</u>	<u>2011</u>	<u>2012</u>
Contractually required contribution	\$68,606	\$71,283	\$71,420
Contributions in relation to the contractually required contribution	<u>68,606</u>	<u>71,283</u>	<u>71,420</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$6,860,569	\$7,128,254	\$7,141,969
Contributions as a percentage of covered payroll	1.00%	1.00%	1.00%

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Contractually required contribution	\$37,171	\$47,326	\$32,543
Contributions in relation to the contractually required contribution	<u>37,171</u>	<u>47,326</u>	<u>32,543</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$1,525,207	\$1,770,167	\$1,843,881
Contributions as a percentage of covered payroll	2.44%	2.67%	1.76%

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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2013	2014	2015	2016	2017	2018	2019
\$66,615	\$61,964	\$0	\$0	\$0	\$0	\$0
<u>66,615</u>	<u>61,964</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,661,546	\$6,196,446	\$6,143,793	\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543
1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2013	2014	2015	2016	2017	2018	2019
\$28,773	\$27,849	\$45,014	\$29,156	\$31,528	\$45,529	\$51,063
<u>28,773</u>	<u>27,849</u>	<u>45,014</u>	<u>29,156</u>	<u>31,528</u>	<u>45,529</u>	<u>51,063</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,929,429	\$1,526,782	\$1,760,425	\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059
1.49%	1.82%	2.56%	1.49%	1.51%	2.14%	2.29%

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2019***

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#### **NET PENSION LIABILITY**

##### **SERS**

###### Changes in benefit terms

For fiscal year 2019, the following were the most significant changes in benefit terms that affected the total pension liability since the prior measurement date:

- The SERS Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

###### Changes in assumptions

There were no changes in assumptions since the prior measurement date.

##### **STRS**

###### Changes in benefit terms

There were no changes in benefit terms since the prior measurement date.

###### Changes in assumptions

There were no changes in assumptions since the prior measurement date.

## **HEATH CITY SCHOOL DISTRICT**

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### ***Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2019***

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

##### **SERS**

###### Changes in benefit terms

There were no changes in benefit terms since the prior measurement date.

###### Changes in assumptions

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

- The discount rate was increased from 3.63% to 3.70%
- The health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and for Pre-Medicare from a range of 7.50%-5.00% to a range of 7.25%-4.75%
- The municipal bond index rate increased from 3.56% to 3.62% and the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

##### **STRS**

###### Changes in benefit terms

For fiscal year 2019, STRS has the following changes in benefit terms since the previous measurement date:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2019.

###### Changes in assumptions

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

- The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%.
- Valuation year per capita health care costs were updated.
- The trend rates decreased from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

***HEATH CITY SCHOOL DISTRICT***

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*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.)

**Other Grants Fund**

To account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

**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.

**Management Information System Fund**

To account for costs related to hardware and software development or other costs associated with the requirements of the management information system.

**SchoolNet Professional Development Fund**

To account for professional development subsidy grants.

(Continued)

# *HEATH CITY SCHOOL DISTRICT*

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## *Special Revenue Funds*

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### **Other State Grants Fund**

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

### **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.

### **Other Federal Grants Fund**

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

## *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, 2019***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 205,224	\$ 688,285	\$ 893,509
Receivables:			
Taxes	0	208,541	208,541
Accounts	17,078	0	17,078
Intergovernmental	128,325	0	128,325
Inventory	13,255	0	13,255
Prepaid Items	25,145	36,307	61,452
<b>Total Assets</b>	<b>\$ 389,027</b>	<b>\$ 933,133</b>	<b>\$ 1,322,160</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 1,563	\$ 711	\$ 2,274
Accrued Wages and Benefits	125,480	0	125,480
Intergovernmental Payable	18,858	0	18,858
Interfund Loans Payable	69,000	0	69,000
<b>Total Liabilities</b>	<b>214,901</b>	<b>711</b>	<b>215,612</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	0	194,810	194,810
Unavailable Revenue	35,749	3,141	38,890
<b>Total Deferred Inflows of Resources</b>	<b>35,749</b>	<b>197,951</b>	<b>233,700</b>
<b>Fund Balances:</b>			
Nonspendable	38,400	36,307	74,707
Restricted	147,463	698,164	845,627
Unassigned	(47,486)	0	(47,486)
<b>Total Fund Balances</b>	<b>138,377</b>	<b>734,471</b>	<b>872,848</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 389,027</b>	<b>\$ 933,133</b>	<b>\$ 1,322,160</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, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 0	\$ 182,702	\$ 182,702
Food Services	437,187	0	437,187
Investment Earnings	1,603	41,618	43,221
Extracurricular Activities	147,118	0	147,118
Intergovernmental - State	16,489	17,149	33,638
Intergovernmental - Federal	1,175,567	0	1,175,567
All Other Revenue	87,569	0	87,569
<b>Total Revenue</b>	<u>1,865,533</u>	<u>241,469</u>	<u>2,107,002</u>
<b>Expenditures:</b>			
Current:			
Instruction	509,224	176,330	685,554
Supporting Services:			
Pupils	110,236	0	110,236
Instructional Staff	54,720	0	54,720
Administration	56,233	0	56,233
Fiscal Services	0	3,000	3,000
Pupil Transportation	4,755	0	4,755
Central	0	4,304	4,304
Operation of Non-Instructional Services:			
Food Service Operations	867,045	0	867,045
Extracurricular Activities	208,257	0	208,257
<b>Total Expenditures</b>	<u>1,810,470</u>	<u>183,634</u>	<u>1,994,104</u>
Excess (Deficiency) of Revenues Over Expenditures	55,063	57,835	112,898
<b>Fund Balances at Beginning of Year</b>	77,342	676,636	753,978
Increase in Inventory	5,972	0	5,972
<b>Fund Balances End of Year</b>	<u>\$ 138,377</u>	<u>\$ 734,471</u>	<u>\$ 872,848</u>

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019***

	Food Service	Other Grants	District Managed Student Activity
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 104,978	\$ 1,358	\$ 43,388
Receivables:			
Accounts	17,078	0	0
Intergovernmental	0	0	0
Inventory	13,255	0	0
Prepaid Items	13,432	0	0
<b>Total Assets</b>	<b>\$ 148,743</b>	<b>\$ 1,358</b>	<b>\$ 43,388</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 1,018	\$ 0	\$ 545
Accrued Wages and Benefits	48,116	0	0
Intergovernmental Payable	7,161	0	0
Interfund Loans Payable	0	0	0
<b>Total Liabilities</b>	<b>56,295</b>	<b>0</b>	<b>545</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>			
Nonspendable	26,687	0	0
Restricted	65,761	1,358	42,843
Unassigned	0	0	0
<b>Total Fund Balances (Deficit)</b>	<b>92,448</b>	<b>1,358</b>	<b>42,843</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 148,743</b>	<b>\$ 1,358</b>	<b>\$ 43,388</b>

**HEATH CITY SCHOOL DISTRICT**

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Management Information System	SchoolNet Professional Development	Other State Grants	Title VI-B	Title III Limited English Proficiency	Title I
\$ 5,601	\$ 21,600	\$ 9,289	\$ 5,728	\$ 962	\$ 6,833
0	0	0	0	0	0
0	0	0	55,181	0	69,782
0	0	0	0	0	0
0	0	0	6,863	0	4,850
<u>\$ 5,601</u>	<u>\$ 21,600</u>	<u>\$ 9,289</u>	<u>\$ 67,772</u>	<u>\$ 962</u>	<u>\$ 81,465</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	37,308	0	40,056
0	0	0	6,562	0	5,135
0	0	0	24,000	0	39,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>67,870</u>	<u>0</u>	<u>84,191</u>
0	0	0	13,731	0	19,218
0	0	0	13,731	0	19,218
0	0	0	6,863	0	4,850
5,601	21,600	9,289	0	962	0
0	0	0	(20,692)	0	(26,794)
<u>5,601</u>	<u>21,600</u>	<u>9,289</u>	<u>(13,829)</u>	<u>962</u>	<u>(21,944)</u>
<u>\$ 5,601</u>	<u>\$ 21,600</u>	<u>\$ 9,289</u>	<u>\$ 67,772</u>	<u>\$ 962</u>	<u>\$ 81,465</u>

(Continued)

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019***

	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,887	\$ 3,600	\$ 205,224
Receivables:			
Accounts	0	0	17,078
Intergovernmental	162	3,200	128,325
Inventory	0	0	13,255
Prepaid Items	0	0	25,145
<b>Total Assets</b>	<b>\$ 2,049</b>	<b>\$ 6,800</b>	<b>\$ 389,027</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 0	\$ 0	\$ 1,563
Accrued Wages and Benefits	0	0	125,480
Intergovernmental Payable	0	0	18,858
Interfund Loans Payable	2,000	4,000	69,000
<b>Total Liabilities</b>	<b>2,000</b>	<b>4,000</b>	<b>214,901</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	0	2,800	35,749
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>2,800</b>	<b>35,749</b>
<b>Fund Balances:</b>			
Nonspendable	0	0	38,400
Restricted	49	0	147,463
Unassigned	0	0	(47,486)
<b>Total Fund Balances (Deficit)</b>	<b>49</b>	<b>0</b>	<b>138,377</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,049</b>	<b>\$ 6,800</b>	<b>\$ 389,027</b>



## 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, 2019**

	Food Service	Other Grants	District Managed Student Activity
<b>Revenues:</b>			
Local Sources:			
Food Services	\$ 437,187	\$ 0	\$ 0
Investment Earnings	1,010	0	593
Extracurricular Activities	0	0	147,118
Class Materials and Fees	0	0	0
Intergovernmental - State	0	0	0
Intergovernmental - Federal	449,935	0	0
All Other Revenue	34,808	0	52,761
<b>Total Revenue</b>	<b>922,940</b>	<b>0</b>	<b>200,472</b>
<b>Expenditures:</b>			
Current:			
Instruction	0	0	0
Supporting Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Administration	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services:			
Food Service Operations	867,045	0	0
Extracurricular Activities	0	0	208,257
<b>Total Expenditures</b>	<b>867,045</b>	<b>0</b>	<b>208,257</b>
Excess (Deficiency) of Revenues			
Over Expenditures	55,895	0	(7,785)
<b>Fund Balances at Beginning of Year</b>	30,581	1,358	50,628
Increase in Inventory	5,972	0	0
<b>Fund Balances End of Year</b>	<b>\$ 92,448</b>	<b>\$ 1,358</b>	<b>\$ 42,843</b>

(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, 2019**

	Management Information System	SchoolNet Professional Development	Other State Grants	Title VI-B
<b>Revenues:</b>				
Local Sources:				
Food Services	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	0	0
Extracurricular Activities	0	0	0	0
Class Materials and Fees	0	0	0	0
Intergovernmental - State	0	7,200	9,289	0
Intergovernmental - Federal	0	0	0	366,817
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	0	7,200	9,289	366,817
<b>Expenditures:</b>				
Current:				
Instruction	0	0	0	238,326
Supporting Services:				
Pupils	0	0	0	95,261
Instructional Staff	0	0	0	278
Administration	0	0	0	41,082
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Extracurricular Activities	0	0	0	0
<b>Total Expenditures</b>	0	0	0	374,947
Excess (Deficiency) of Revenues				
Over Expenditures	0	7,200	9,289	(8,130)
<b>Fund Balances at Beginning of Year</b>	5,601	14,400	0	(5,699)
Increase in Inventory	0	0	0	0
<b>Fund Balances End of Year</b>	\$ 5,601	\$ 21,600	\$ 9,289	\$ (13,829)

## HEATH CITY SCHOOL DISTRICT

Title III Limited English Proficiency	Title I	IDEA Preschool Grant for the Handicapped	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 437,187
0	0	0	0	0	1,603
0	0	0	0	0	147,118
0	0	0	0	0	0
0	0	0	0	0	16,489
962	288,390	4,755	60,933	3,775	1,175,567
0	0	0	0	0	87,569
<u>962</u>	<u>288,390</u>	<u>4,755</u>	<u>60,933</u>	<u>3,775</u>	<u>1,865,533</u>
0	267,288	0	3,610	0	509,224
0	11,200	0	0	3,775	110,236
0	0	0	54,442	0	54,720
0	15,151	0	0	0	56,233
0	0	4,755	0	0	4,755
0	0	0	0	0	0
0	0	0	0	0	867,045
0	0	0	0	0	208,257
<u>0</u>	<u>293,639</u>	<u>4,755</u>	<u>58,052</u>	<u>3,775</u>	<u>1,810,470</u>
962	(5,249)	0	2,881	0	55,063
0	(16,695)	0	(2,832)	0	77,342
0	0	0	0	0	5,972
<u>\$ 962</u>	<u>\$ (21,944)</u>	<u>\$ 0</u>	<u>\$ 49</u>	<u>\$ 0</u>	<u>\$ 138,377</u>

## HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2019***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 668,809	\$ 19,476	\$ 688,285
Receivables:			
Taxes	208,541	0	208,541
Prepaid Items	36,307	0	36,307
<b>Total Assets</b>	<b>\$ 913,657</b>	<b>\$ 19,476</b>	<b>\$ 933,133</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 711	\$ 0	\$ 711
<b>Total Liabilities</b>	<b>711</b>	<b>0</b>	<b>711</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	194,810	0	194,810
Unavailable Revenue	3,141	0	3,141
<b>Total Deferred Inflows of Resources</b>	<b>197,951</b>	<b>0</b>	<b>197,951</b>
<b>Fund Balances:</b>			
Nonspendable	36,307	0	36,307
Restricted	678,688	19,476	698,164
<b>Total Fund Balances</b>	<b>714,995</b>	<b>19,476</b>	<b>734,471</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 913,657</b>	<b>\$ 19,476</b>	<b>\$ 933,133</b>

## 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, 2019**

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 182,702	\$ 0	\$ 182,702
Investment Earnings	32,625	8,993	41,618
Intergovernmental - State	17,149	0	17,149
<b>Total Revenue</b>	<b>232,476</b>	<b>8,993</b>	<b>241,469</b>
<b>Expenditures:</b>			
Current:			
Instruction	176,330	0	176,330
Supporting Services:			
Fiscal Services	3,000	0	3,000
Central	4,304	0	4,304
<b>Total Expenditures</b>	<b>183,634</b>	<b>0</b>	<b>183,634</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,842	8,993	57,835
<b>Fund Balances at Beginning of Year</b>	<b>666,153</b>	<b>10,483</b>	<b>676,636</b>
<b>Fund Balances End of Year</b>	<b>\$ 714,995</b>	<b>\$ 19,476</b>	<b>\$ 734,471</b>

## 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, 2019***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 1,329,499	\$ 1,329,767	\$ 268
Intergovernmental - State	234,650	233,735	(915)
Total Revenues	1,564,149	1,563,502	(647)
<b>Expenditures:</b>			
Current:			
Support Services:			
Fiscal Services	25,000	20,116	4,884
Total Support Services	25,000	20,116	4,884
Debt Service:			
Principal Retirement	1,105,000	1,105,000	0
Interest and Fiscal Charges	273,279	268,278	5,001
Total Debt Service	1,378,279	1,373,278	5,001
Total Expenditures	1,403,279	1,393,394	9,885
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	160,870	170,108	9,238
Fund Balance at Beginning of Year	1,201,809	1,201,809	0
Fund Balance at End of Year	\$ 1,362,679	\$ 1,371,917	\$ 9,238

## 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, 2019***

<b>FOOD SERVICE FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Food Services	\$ 498,000	\$ 420,109	\$ (77,891)
Investment Earnings	600	1,010	410
Intergovernmental - Federal	388,600	388,590	(10)
All Other Revenues	35,000	34,808	(192)
Total Revenues	922,200	844,517	(77,683)
<b>Expenditures:</b>			
Non-Instructional Services:			
Food Service Operations	837,809	818,345	19,464
Total Expenditures	837,809	818,345	19,464
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	84,391	26,172	(58,219)
Fund Balance at Beginning of Year			
Prior Year Encumbrances	425	425	0
Fund Balance at End of Year	\$ 162,547	\$ 104,328	\$ (58,219)

## 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, 2019***

<b>UNIFORM SCHOOL SUPPLY FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Class Material and Fees	\$ 58,653	\$ 61,758	\$ 3,105
Total Revenues	58,653	61,758	3,105
<b>Expenditures:</b>			
Instructional Services	103,106	97,392	5,714
Total Expenditures	103,106	97,392	5,714
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,453)	(35,634)	8,819
<b>Other Financing Sources (Uses):</b>			
Transfers In	72,994	20,200	(52,794)
Total Other Financing Sources (Uses):	72,994	20,200	(52,794)
Net Change in Fund Balance	28,541	(15,434)	(43,975)
Fund Balance at Beginning of Year	68,983	68,983	0
Fund Balance at End of Year	\$ 97,524	\$ 53,549	\$ (43,975)



## **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, 2019***

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	<b>ROTARY FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Investment Earnings	\$ 50	\$ 94	\$ 44
All Other Revenues	<u>7,050</u>	<u>4,162</u>	<u>(2,888)</u>
Total Revenues	<u>7,100</u>	<u>4,256</u>	<u>(2,844)</u>
<b>Expenditures:</b>			
Instructional Services	<u>4,750</u>	<u>4,454</u>	<u>296</u>
Total Expenditures	<u>4,750</u>	<u>4,454</u>	<u>296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,350	(198)	(2,548)
Fund Balance at Beginning of Year	<u>10,558</u>	<u>10,558</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,908</u>	<u>\$ 10,360</u>	<u>\$ (2,548)</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, 2019***

<b>PUBLIC SCHOOL SUPPORT FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 170,152	\$ 178,614	\$ 8,462
Total Revenues	170,152	178,614	8,462
<b>Expenditures:</b>			
Instructional Services	18,108	10,668	7,440
Support Services:			
Pupils	31,732	30,029	1,703
Instructional Staff	29,700	26,299	3,401
Administration	14,550	13,806	744
Central	9,700	8,178	1,522
Extracurricular	57,500	55,617	1,883
Capital Outlay	7,000	0	7,000
Total Expenditures	168,290	144,597	23,693
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,862	34,017	32,155
Fund Balance at Beginning of Year	178,849	178,849	0
Prior Year Encumbrances	108	108	0
Fund Balance at End of Year	\$ 180,819	\$ 212,974	\$ 32,155

**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, 2019***

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<b>OTHER GRANTS FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	1,358	1,358	0
Fund Balance at End of Year	<u>\$ 1,358</u>	<u>\$ 1,358</u>	<u>\$ 0</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, 2019***

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### **DISTRICT MANAGED STUDENT ACTIVITY FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 230	\$ 593	\$ 363
Extracurricular Activities	141,510	147,118	5,608
All Other Revenues	<u>53,720</u>	<u>52,761</u>	<u>(959)</u>
Total Revenues	<u>195,460</u>	<u>200,472</u>	<u>5,012</u>
<b>Expenditures:</b>			
Extracurricular Activities	<u>224,897</u>	<u>208,612</u>	<u>16,285</u>
Total Expenditures	<u>224,897</u>	<u>208,612</u>	<u>16,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,437)	(8,140)	21,297
Fund Balance at Beginning of Year	<u>51,453</u>	<u>51,453</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 22,016</u>	<u>\$ 43,313</u>	<u>\$ 21,297</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, 2019***

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### MANAGEMENT INFORMATION SYSTEM FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>5,601</u>	<u>5,601</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 5,601</u></u>	<u><u>\$ 5,601</u></u>	<u><u>\$ 0</u></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, 2019***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	<u>7,200</u>	<u>7,200</u>	<u>0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	7,200	7,200	0
Fund Balance at Beginning of Year	<u>14,400</u>	<u>14,400</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,600</u>	<u>\$ 21,600</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, 2019***

<b>OTHER STATE GRANTS FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State	\$ 9,300	\$ 9,289	\$ (11)
Total Revenues	9,300	9,289	(11)
<b>Expenditures:</b>			
Support Services:			
Instructional Staff	9,289	0	9,289
Total Expenditures	9,289	0	9,289
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	11	9,289	9,278
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 11	\$ 9,289	\$ 9,278

## 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, 2019***

TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 412,279	\$ 357,394	\$ (54,885)
Total Revenues	412,279	357,394	(54,885)
<b>Expenditures:</b>			
Instructional Services	247,355	234,541	12,814
Support Services:			
Pupils	95,390	92,303	3,087
Instructional Staff	5,067	278	4,789
Administration	46,309	46,021	288
Total Expenditures	394,121	373,143	20,978
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,158	(15,749)	(33,907)
<b>Other Financing Sources (Uses):</b>			
Advances In	24,000	24,000	0
Advances Out	(5,000)	(5,000)	0
Total Other Financing Sources (Uses)	19,000	19,000	0
Net Change in Fund Balance	37,158	3,251	(33,907)
Fund Balance at Beginning of Year	649	649	0
Prior Year Encumbrances	1,828	1,828	0
Fund Balance at End of Year	\$ 39,635	\$ 5,728	\$ (33,907)



## 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, 2019*

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 962	\$ 962	\$ 0
Total Revenues	962	962	0
<b>Expenditures:</b>			
Instructional Services	962	825	137
Total Expenditures	962	825	137
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	137	137
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 137	\$ 137

## 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, 2019***

TITLE I FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 306,209	\$ 259,154	\$ (47,055)
Total Revenues	306,209	259,154	(47,055)
<b>Expenditures:</b>			
Instructional Services	275,844	274,484	1,360
Support Services:			
Pupils	15,944	11,200	4,744
Administration	16,821	14,911	1,910
Total Support Services	32,765	26,111	6,654
Total Expenditures	308,609	300,595	8,014
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,400)	(41,441)	(39,041)
<b>Other Financing Sources (Uses):</b>			
Advances In	39,000	39,000	0
Total Other Financing Sources (Uses):	39,000	39,000	0
Net Change in Fund Balance	36,600	(2,441)	(39,041)
Fund Balance at Beginning of Year	4,024	4,024	0
Prior Year Encumbrances	5,250	5,250	0
Fund Balance at End of Year	\$ 45,874	\$ 6,833	\$ (39,041)

## 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, 2019***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>IDEA PRESCHOOL GRANT FOR THE HANDICAPPED FUND</b>			
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 11,740	\$ 4,755	\$ (6,985)
Total Revenues	<u>11,740</u>	<u>4,755</u>	<u>(6,985)</u>
<b>Expenditures:</b>			
Support Services:			
Pupil Transportation	6,740	4,755	1,985
Total Expenditures	<u>6,740</u>	<u>4,755</u>	<u>1,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	0	(5,000)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ (5,000)</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, 2019***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>IMPROVING TEACHER QUALITY FUND</b>			
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 61,760	\$ 60,771	\$ (989)
Total Revenues	61,760	60,771	(989)
<b>Expenditures:</b>			
Instructional Services	4,229	3,610	619
Support Services:			
Instructional Staff:	57,322	57,322	0
Total Expenditures	61,551	60,932	619
Excess (Deficiency) of Revenues Over (Under) Expenditures	209	(161)	(370)
<b>Other Financing Sources (Uses):</b>			
Advances In	2,000	2,000	0
Total Other Financing Sources (Uses)	2,000	2,000	0
Net Change in Fund Balance	2,209	1,839	(370)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 2,209	\$ 1,839	\$ (370)

## 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, 2019***

<b>OTHER FEDERAL GRANTS FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 26,914	\$ 3,375	\$ (23,539)
Total Revenues	26,914	3,375	(23,539)
<b>Expenditures:</b>			
Support Services:			
Pupils	26,914	3,775	23,139
Total Expenditures	26,914	3,775	23,139
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(400)	(400)
<b>Other Financing Sources (Uses):</b>			
Advances In	4,000	4,000	0
Total Other Financing Sources (Uses):	4,000	4,000	0
Net Change in Fund Balance	4,000	3,600	(400)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 4,000	\$ 3,600	\$ (400)

## 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, 2019***

PERMANENT IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 200,139	\$ 199,702	\$ (437)
Investment Earnings	30,000	32,625	2,625
Intergovernmental - State	18,000	17,149	(851)
Total Revenues	248,139	249,476	1,337
<b>Expenditures:</b>			
Instructional Services	179,581	172,842	6,739
Support Services:			
Fiscal Services	3,500	3,000	500
Central	8,955	8,584	371
Total Expenditures	192,036	184,426	7,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,103	65,050	8,947
Fund Balance at Beginning of Year	565,215	565,215	0
Prior Year Encumbrances	31,536	31,536	0
Fund Balance at End of Year	\$ 652,854	\$ 661,801	\$ 8,947

## **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, 2019***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 8,500	\$ 8,993	\$ 493
Total Revenues	<u>8,500</u>	<u>8,993</u>	<u>493</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,500	8,993	493
Fund Balance at Beginning of Year	<u>10,483</u>	<u>10,483</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,983</u>	<u>\$ 19,476</u>	<u>\$ 493</u>

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

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### ***Fiduciary Fund***

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Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

### ***Agency Fund***

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

To account for resources that belong to the student bodies of the various schools for sales and other revenue generating activities.

#### **Ohio High School Athletic Association (OHSAA) Tournament Fund**

To account for athletic tournament monies held by the District in a custodial capacity.



## HEATH CITY SCHOOL DISTRICT

**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b><u>Student Managed Activity Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$42,621	\$80,674	(\$72,336)	\$50,959
Total Assets	<u>\$42,621</u>	<u>\$80,674</u>	<u>(\$72,336)</u>	<u>\$50,959</u>
Liabilities:				
Due to Students	\$42,621	\$80,674	(\$72,336)	\$50,959
Total Liabilities	<u>\$42,621</u>	<u>\$80,674</u>	<u>(\$72,336)</u>	<u>\$50,959</u>
<b><u>OHSAA Tournament Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$29,767	\$24,961	(\$54,068)	\$660
Total Assets	<u>\$29,767</u>	<u>\$24,961</u>	<u>(\$54,068)</u>	<u>\$660</u>
Liabilities:				
Due to Others	\$29,767	\$24,961	(\$54,068)	\$660
Total Liabilities	<u>\$29,767</u>	<u>\$24,961</u>	<u>(\$54,068)</u>	<u>\$660</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$72,388	\$105,635	(\$126,404)	\$51,619
Total Assets	<u>\$72,388</u>	<u>\$105,635</u>	<u>(\$126,404)</u>	<u>\$51,619</u>
Liabilities:				
Due to Others	\$29,767	\$24,961	(\$54,068)	\$660
Due to Students	42,621	80,674	(72,336)	50,959
Total Liabilities	<u>\$72,388</u>	<u>\$105,635</u>	<u>(\$126,404)</u>	<u>\$51,619</u>



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# HEATH CITY SCHOOL DISTRICT

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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)*

	2010	2011	2012	2013
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$2,693,125	\$2,630,860	\$2,239,306	\$1,569,237
Restricted for:				
Capital Projects	829,813	719,231	738,118	692,224
Debt Service	1,072,423	1,054,061	1,128,253	1,042,315
Statutory Purposes	0	0	140,760	61,909
Federal and State Grant Programs	0	0	36,153	33,557
Other Purposes	815,061	1,235,344	0	0
Unrestricted	(246,538)	(1,193,673)	(1,279,996)	(2,343,361)
Total Governmental Activities Net Position	<u>\$5,163,884</u>	<u>\$4,445,823</u>	<u>\$3,002,594</u>	<u>\$1,055,881</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$2,693,125	\$2,630,860	\$2,239,306	\$1,569,237
Restricted	2,717,297	3,008,636	2,043,284	1,830,005
Unrestricted	(246,538)	(1,193,673)	(1,279,996)	(2,343,361)
Total Primary Government Net Position	<u>\$5,163,884</u>	<u>\$4,445,823</u>	<u>\$3,002,594</u>	<u>\$1,055,881</u>

\* Restated

Source: District Treasurer's Office

*Heath City School District*

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2014	2015	2016	2017	2018	2019
*			*		
\$1,007,118	\$668,117	\$1,387,709	\$1,638,635	\$2,116,344	\$2,516,261
653,740	661,314	560,592	589,014	679,363	737,612
1,038,847	1,063,596	1,237,784	998,467	1,395,292	1,442,042
108,722	81,520	81,982	95,543	56,396	111,260
54,850	46,561	77,319	48,913	35,836	38,835
0	0	0	0	0	0
(20,546,771)	(18,183,979)	(17,112,694)	(20,943,208)	(11,282,637)	(8,799,138)
<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>	<u>(\$17,572,636)</u>	<u>(\$6,999,406)</u>	<u>(\$3,953,128)</u>
\$1,007,118	\$668,117	\$1,387,709	\$1,638,635	\$2,116,344	\$2,516,261
1,856,159	1,852,991	1,957,677	1,731,937	2,166,887	2,329,749
(20,546,771)	(18,183,979)	(17,112,694)	(20,943,208)	(11,282,637)	(8,799,138)
<u>(\$17,683,494)</u>	<u>(\$15,662,871)</u>	<u>(\$13,767,308)</u>	<u>(\$17,572,636)</u>	<u>(\$6,999,406)</u>	<u>(\$3,953,128)</u>

## *Heath City School District*

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

	2010	2011	2012	2013
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$10,537,518	\$10,300,203	\$9,989,037	\$10,304,880
Support Services:				
Pupils	1,030,058	935,407	805,150	632,193
Instructional Staff	374,083	384,329	344,754	318,009
Board of Education	11,787	16,901	20,516	79,588
Administration	1,450,432	1,452,788	1,618,593	1,468,112
Fiscal Services	504,185	499,038	492,224	506,287
Business	34,831	34,834	17,713	29,284
Operation and Maintenance of Plant	1,236,884	1,230,337	1,306,882	1,351,000
Pupil Transportation	631,971	642,930	638,839	654,334
Central	291,401	319,121	280,810	275,932
Operation of Non-Instructional Services				
Community Services	10,722	6,758	6,117	1,776
Food Service Operations	629,322	597,437	616,504	616,807
Shared Services	0	0	0	0
Other	0	0	1,900	0
Extracurricular Activities	713,070	688,364	574,354	601,322
Interest and Fiscal Charges	985,299	1,012,984	1,024,811	1,117,528
<i>Total Primary Government Expenses</i>	<u>\$18,441,563</u>	<u>\$18,121,431</u>	<u>\$17,738,204</u>	<u>\$17,957,052</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Instruction	\$158,698	\$161,632	\$137,166	\$156,220
Support Services:				
Pupils	59,040	47,311	45,392	41,000
Operation of Non-Instructional Services				
Food Service Operations	256,785	243,667	241,808	220,566
Extracurricular Activities	109,350	115,755	87,820	102,999
Operating Grants and Contributions	1,564,636	1,688,192	838,086	895,828
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>2,148,509</u>	<u>2,256,557</u>	<u>1,350,272</u>	<u>1,416,613</u>

*Heath City School District*

2014	2015	2016	2017	2018	2019
\$10,096,148	\$10,513,018	\$11,220,535	\$11,477,367	\$5,716,009	\$10,521,710
621,994	583,590	640,770	705,634	522,576	874,557
264,908	324,069	325,261	381,955	486,743	706,334
80,043	49,101	248,574	329,525	63,368	106,787
1,518,459	1,523,311	1,748,840	1,673,351	1,094,581	1,485,126
528,591	578,977	466,731	636,550	605,510	732,416
14,330	20,438	28,922	13,562	17,892	16,137
1,330,607	1,507,678	1,909,197	1,838,229	1,598,068	1,933,978
637,015	592,204	643,460	654,868	628,413	757,602
308,948	451,684	347,036	403,385	240,897	265,375
4,410	1,994	4,416	0	0	0
567,567	596,853	653,795	727,620	724,156	923,351
17,994	54,691	0	0	0	0
0	0	0	0	0	0
593,994	618,078	616,176	793,082	424,403	849,040
891,757	657,894	544,983	474,616	464,897	441,336
<u>\$17,476,765</u>	<u>\$18,073,580</u>	<u>\$19,398,696</u>	<u>\$20,109,744</u>	<u>\$12,587,513</u>	<u>\$19,613,749</u>
\$600,894	\$948,735	\$1,037,209	\$1,219,571	\$1,484,917	\$1,823,216
43,788	60,609	55,620	60,990	51,269	83,483
186,257	152,316	198,299	235,209	264,402	437,187
134,064	124,900	130,864	148,799	134,362	147,118
1,026,547	1,087,236	1,123,022	1,229,537	1,185,904	1,301,886
<u>1,991,550</u>	<u>2,373,796</u>	<u>2,545,014</u>	<u>2,894,106</u>	<u>3,120,854</u>	<u>3,792,890</u>

(Continued)

## Heath City School District

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

	2010	2011	2012	2013
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(16,293,054)	(15,864,874)	(16,387,932)	(16,540,439)
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	<u>(\$16,293,054)</u>	<u>(\$15,864,874)</u>	<u>(\$16,387,932)</u>	<u>(\$16,540,439)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$7,924,272	\$6,934,888	\$6,981,958	\$6,623,175
Debt Service	1,332,583	1,090,509	1,161,817	1,095,634
Capital Outlay	207,989	196,460	172,436	177,920
Grants and Entitlements not				
Restricted to Specific Programs	6,198,597	6,391,572	6,098,286	6,145,307
Investment Earnings	19,132	11,449	9,489	7,825
Miscellaneous	507,269	521,935	520,717	543,865
<i>Total Primary Government</i>	<u>\$16,189,842</u>	<u>\$15,146,813</u>	<u>\$14,944,703</u>	<u>\$14,593,726</u>
<b>Change in Net Position</b>				
Governmental Activities	(103,212)	(718,061)	(1,443,229)	(1,946,713)
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u>(\$103,212)</u>	<u>(\$718,061)</u>	<u>(\$1,443,229)</u>	<u>(\$1,946,713)</u>

\* Restated

Source: District Treasurer's Office



*Heath City School District*

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<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>(15,485,215)</u>	<u>(15,699,784)</u>	<u>(16,853,682)</u>	<u>(17,215,638)</u>	<u>(9,466,659)</u>	<u>(15,820,859)</u>
<u>(\$15,485,215)</u>	<u>(\$15,699,784)</u>	<u>(\$16,853,682)</u>	<u>(\$17,215,638)</u>	<u>(\$9,466,659)</u>	<u>(\$15,820,859)</u>
\$7,854,925	\$8,621,606	\$9,279,815	\$9,239,268	\$10,485,484	\$8,964,782
1,171,836	1,290,787	1,343,433	1,150,316	1,359,339	1,206,282
186,087	187,583	196,007	192,177	211,594	183,116
6,383,632	7,086,554	7,371,309	7,435,029	7,643,707	7,709,959
6,886	10,716	29,265	65,859	119,740	309,956
543,418	523,161	529,416	388,805	220,025	493,042
<u>\$16,146,784</u>	<u>\$17,720,407</u>	<u>\$18,749,245</u>	<u>\$18,471,454</u>	<u>\$20,039,889</u>	<u>\$18,867,137</u>
<u>661,569</u>	<u>2,020,623</u>	<u>1,895,563</u>	<u>1,255,816</u>	<u>10,573,230</u>	<u>3,046,278</u>
<u>\$661,569</u>	<u>\$2,020,623</u>	<u>\$1,895,563</u>	<u>\$1,255,816</u>	<u>\$10,573,230</u>	<u>\$3,046,278</u>

**Heath City School District**

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

	2010	2011	2012	2013
<b>General Fund</b>				
Nonspendable	\$0	\$183,217	\$171,764	\$58,886
Restricted	0	1,071,779	86,144	5,881
Assigned	0	240,210	143,303	124,352
Unassigned	0	1,177,178	1,167,714	0
Reserved	2,270,930	0	0	0
Unreserved	79,028	0	0	0
<b>Total General Fund</b>	<u>2,349,958</u>	<u>2,672,384</u>	<u>1,568,925</u>	<u>189,119</u>
<b>All Other Governmental Funds</b>				
Nonspendable	0	30,011	27,854	18,872
Restricted	0	1,833,419	1,893,664	1,811,895
Unassigned	0	0	(21,255)	(44,961)
Reserved	1,342,239	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	455,673	0	0	0
Capital Projects Funds	582,640	0	0	0
<b>Total All Other Governmental Funds</b>	<u>2,380,552</u>	<u>1,863,430</u>	<u>1,900,263</u>	<u>1,785,806</u>
<b>Total Governmental Funds</b>	<u><u>\$4,730,510</u></u>	<u><u>\$4,535,814</u></u>	<u><u>\$3,469,188</u></u>	<u><u>\$1,974,925</u></u>

Source: District Treasurer's Office

Note: The District implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

*Heath City School District*

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2014	2015	2016	2017	2018	2019
\$2,463	\$2,075	\$27,763	\$29,944	\$0	\$228,193
36,428	15,307	0	0	0	0
717,659	187,650	261,619	175,101	531,080	682,787
533,211	2,810,841	4,221,923	6,021,754	8,355,313	8,524,927
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,289,761</u>	<u>3,015,873</u>	<u>4,511,305</u>	<u>6,226,799</u>	<u>8,886,393</u>	<u>9,435,907</u>
63,584	42,889	17,200	33,000	49,849	74,707
1,779,099	1,809,505	1,949,189	1,695,240	2,128,484	2,288,854
(27,959)	(15,973)	0	(53,802)	(25,226)	(47,486)
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,814,724</u>	<u>1,836,421</u>	<u>1,966,389</u>	<u>1,674,438</u>	<u>2,153,107</u>	<u>2,316,075</u>
<u>\$3,104,485</u>	<u>\$4,852,294</u>	<u>\$6,477,694</u>	<u>\$7,901,237</u>	<u>\$11,039,500</u>	<u>\$11,751,982</u>

## *Heath City School District*

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

	2010	2011	2012	2013
<b>Revenues:</b>				
Local Sources:				
Taxes	\$9,331,887	\$8,188,824	\$8,381,872	\$8,082,155
Tuition	81,380	86,905	66,003	78,449
Food Service	256,785	243,667	241,808	220,566
Investment Earnings	22,538	11,841	9,590	7,807
Extracurricular Activities	109,350	115,755	87,820	102,999
Class Materials and Fees	75,966	72,703	64,454	76,887
Intergovernmental - State	6,271,018	6,375,408	6,115,330	6,048,971
Intergovernmental - Federal	1,409,484	1,736,676	836,314	920,119
All Other Revenue	567,612	571,270	572,818	585,749
<b>Total Revenue</b>	<b>18,126,020</b>	<b>17,403,049</b>	<b>16,376,009</b>	<b>16,123,702</b>
<b>Expenditures:</b>				
Current:				
Instruction	9,973,182	9,795,976	9,631,529	9,887,089
Supporting Services:				
Pupils	982,329	927,881	809,099	609,970
Instructional Staff	350,625	362,563	324,278	301,093
Board of Education	11,787	16,901	20,516	79,588
Administration	1,396,787	1,384,316	1,638,441	1,506,325
Fiscal Services	496,682	492,914	487,692	502,551
Business	34,831	34,834	17,713	29,284
Operation and Maintenance of Plant	1,168,957	1,189,989	1,222,560	1,208,877
Pupil Transportation	556,111	571,969	585,119	613,996
Central	279,319	311,756	278,397	274,241
Operation of Non-Instructional Services				
Community Services	10,722	6,758	6,117	1,776
Food Service Operations	594,848	560,267	583,818	583,763
Shared Services	0	0	0	0
Other	0	0	1,900	0
Extracurricular Activities	543,862	520,440	421,200	452,268
Capital Outlay	91,484	88,968	49,870	174,798
Debt Service:				
Principal Retirement	820,875	818,702	866,702	983,849
Interest and Fiscal Charges	554,109	514,971	491,780	485,280
<b>Total Expenditures</b>	<b>17,866,510</b>	<b>17,599,205</b>	<b>17,436,731</b>	<b>17,694,748</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	259,510	(196,156)	(1,060,722)	(1,571,046)

*Heath City School District*

2014	2015	2016	2017	2018	2019
\$9,250,713	\$10,115,662	\$10,830,906	\$10,637,252	\$12,058,474	\$10,332,895
535,675	890,288	979,931	1,161,902	1,425,622	1,743,264
186,257	152,316	198,299	235,209	264,402	437,187
6,416	9,938	28,683	62,562	112,336	301,643
134,064	124,900	130,864	148,799	134,362	147,118
64,719	57,449	56,246	57,169	59,295	65,452
6,647,676	7,194,372	7,435,863	7,556,848	7,754,127	7,840,232
879,254	982,893	1,040,547	1,037,083	1,134,337	1,175,567
583,706	584,368	585,668	450,295	261,294	591,025
<u>18,288,480</u>	<u>20,112,186</u>	<u>21,287,007</u>	<u>21,347,119</u>	<u>23,204,249</u>	<u>22,634,383</u>
9,671,600	10,227,343	10,839,935	10,872,530	11,090,703	11,414,377
597,979	610,112	625,555	657,412	644,394	918,782
243,751	317,931	305,817	321,093	581,614	694,798
80,043	49,101	248,574	329,525	63,368	106,787
1,459,945	1,507,152	1,726,393	1,516,556	1,703,790	1,535,711
536,825	573,425	514,527	601,325	629,735	692,595
14,330	20,438	28,922	13,562	17,892	16,137
1,253,864	1,423,453	1,677,527	1,570,171	1,575,075	1,830,963
584,559	544,902	607,345	554,295	652,338	705,637
308,225	448,230	344,887	408,367	246,830	296,739
4,410	1,994	4,416	0	0	0
531,695	553,134	603,909	699,024	709,644	869,190
17,994	54,691	0	0	0	0
0	0	0	0	0	0
426,676	463,049	460,474	591,781	631,697	751,048
274,419	68,586	308,295	646,597	173,287	725,296
923,699	1,022,773	1,073,448	1,135,286	1,063,627	1,182,351
484,775	465,915	437,664	331,426	295,132	276,662
<u>17,414,789</u>	<u>18,352,229</u>	<u>19,807,688</u>	<u>20,248,950</u>	<u>20,079,126</u>	<u>22,017,073</u>
873,691	1,759,957	1,479,319	1,098,169	3,125,123	617,310

(Continued)

## *Heath City School District*

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

	2010	2011	2012	2013
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	49	0	0	0
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	0	0	74,450
Transfers In	20,000	0	0	0
Transfers Out	(20,000)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>49</u>	<u>0</u>	<u>0</u>	<u>74,450</u>
<b>Net Change in Fund Balance</b>	<u>\$259,559</u>	<u>(\$196,156)</u>	<u>(\$1,060,722)</u>	<u>(\$1,496,596)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	7.71%	7.61%	7.81%	8.36%

Source: District Treasurer's Office

*Heath City School District*

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2014	2015	2016	2017	2018	2019
4,000	400	400	3,000	2,000	0
0	0	0	0	0	89,200
0	0	7,340,000	0	0	0
0	0	493,000	0	0	0
0	0	(7,688,354)	0	0	0
250,956	0	0	325,526	8,820	0
50,000	85,000	0	101,150	128,825	0
(50,000)	(85,000)	0	(101,150)	(128,825)	0
<u>254,956</u>	<u>400</u>	<u>145,046</u>	<u>328,526</u>	<u>10,820</u>	<u>89,200</u>
<u>\$1,128,647</u>	<u>\$1,760,357</u>	<u>\$1,624,365</u>	<u>\$1,426,695</u>	<u>\$3,135,943</u>	<u>\$706,510</u>
8.21%	8.13%	7.70%	7.43%	6.83%	6.88%

## *Heath City School District*

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

<b>Tax year</b>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
			*	
<b>Real Property</b>				
Assessed	\$243,252,830	\$243,524,570	\$246,409,720	\$248,432,630
Actual	695,008,086	695,784,486	704,027,771	709,807,514
<b>Public Utility</b>				
Assessed	5,787,400	6,265,120	6,342,490	6,675,260
Actual	5,787,400	6,265,120	6,342,490	6,675,260
<b>Tangible Personal Property</b>				
Assessed	536,600	0	0	0
Actual	5,366,000	0	0	0
<b>Total</b>				
Assessed	249,576,830	249,789,690	252,752,210	255,107,890
Actual	706,161,486	702,049,606	710,370,261	716,482,774
<b>Assessed Value as a Percentage of Actual Value</b>	35.34%	35.58%	35.58%	35.61%
<b>Total Direct Tax Rate</b>	\$55.70	\$55.62	\$55.70	\$53.85

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%.

Telephone and telecommunications property was reclassified to general business personal property and assessed at 10% for 2009 and 0% from 2010 forward.



*Heath City School District*

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2013	2014 **	2015	2016	2017 *	2018
\$248,446,390	\$246,138,835	\$234,500,020	\$236,501,406	\$259,175,790	\$259,850,293
709,846,829	703,253,814	670,000,057	675,718,303	740,502,257	742,429,409
7,976,040	8,025,020	9,434,090	11,761,470	12,215,810	18,044,810
7,976,040	8,025,020	9,434,090	11,761,470	12,215,810	18,044,810
0	0	0	0	0	0
0	0	0	0	0	0
256,422,430	254,163,855	243,934,110	248,262,876	271,391,600	277,895,103
717,822,869	711,278,834	679,434,147	687,479,773	752,718,067	760,474,219
35.72%	35.73%	35.90%	36.11%	36.05%	36.54%
\$61.75	\$63.10	\$64.30	\$63.30	\$62.60	\$62.60

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Direct District Rates</b>				
General Fund	49.30	49.31	49.30	47.60
Bond Retirement Fund	5.20	5.11	5.20	5.05
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>55.70</u>	<u>55.62</u>	<u>55.70</u>	<u>53.85</u>
<b>Overlapping Rates</b>				
City of Heath	5.40	5.40	5.40	5.65
Career and Technical Education Center	2.50	2.52	2.54	2.48
Licking County	7.40	7.70	7.70	7.70
Licking County Library	0.00	1.00	1.00	1.00
Licking County Park District	0.00	0.00	0.00	0.00

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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2013	2014	2015	2016	2017	2018
55.50	56.60	57.80	57.20	56.10	56.10
5.05	5.30	5.30	4.90	5.30	5.30
1.20	1.20	1.20	1.20	1.20	1.20
61.75	63.10	64.30	63.30	62.60	62.60
5.40	5.40	6.40	6.40	6.40	6.40
2.56	2.54	2.58	2.57	2.55	2.55
7.70	8.00	8.00	8.00	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	2.80



## 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 2018		
		Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power Company	Utility Company - Electric	\$10,294,810	1	3.70%
Glimcher Properties Limited Partnership	Development	8,103,240	2	2.92%
AEP Ohio Transmission Co, Inc.	Utility Company - Electric	5,886,400	3	2.12%
Southgate Association Limited Partnership	Shopping Center	5,512,500	4	1.98%
Quest Heathwood Village LLC	Apartments	4,094,900	5	1.47%
Wal*Mart Stores, Inc.	Retail Store	3,308,240	6	1.19%
Cross Creek Limited Partnership	Shopping Center	2,862,020	7	1.03%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,646,250	8	0.95%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,640,190	9	0.95%
Glenwood Apartments LLC	Apartments	2,450,000	10	0.88%
Subtotal		47,798,550		17.19%
All Others		230,096,553		82.81%
Total		\$277,895,103		100.00%

Name of Taxpayer	Nature of Business	Calendar Year 2009		
		Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$10,303,060	1	4.13%
Southgate Association Limited Partnership	Shopping Center	5,539,140	2	2.22%
Ohio Power Company	Utility Company - Electric	4,989,760	3	2.00%
Inland Western Heath Southgate LLC	Retail	4,075,370	4	1.63%
Chapel Grove Management Company	Apartments and Assisted Living	2,976,160	5	1.19%
Wal*Mart Stores, Inc.	Retail Store	2,792,340	6	1.11%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,643,730	7	1.06%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,490,810	8	1.00%
Lowe's	Retail	2,358,790	9	0.95%
H&D Holding Company	Nursing and Convalescent Home	2,018,490	10	0.81%
Subtotal		40,187,650		16.10%
All Others		209,389,180		83.90%
Total		\$249,576,830		100.00%

Source: Licking County Auditor - Land and Buildings  
Based on valuation of property in 2018 and 2009

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>2009</u>	<u>2010</u>	<u>2011</u>
<b>Total Tax Levy</b>	\$9,252,238	\$9,420,730	\$9,476,237
<b>Collections within the Fiscal Year of the Levy</b>			
Current Tax Collections	8,929,050	8,385,220	9,196,764
Percent of Levy Collected	96.51%	89.01%	97.05%
Delinquent Tax Collections (1)	<u>204,670</u>	<u>336,522</u>	<u>336,523</u>
Total Tax Collections	9,133,720	8,721,742	9,533,287
<b>Percent of Total Tax Collections To Tax Levy</b>	98.72%	92.58%	100.60%
<b>Accumulated Outstanding Delinquent Taxes</b>	644,070	698,988	214,485
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	6.96%	7.42%	2.26%

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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2012	2013	2014	2015	2016	2017	2018
\$9,495,631	\$9,003,974	\$10,960,686	\$11,119,757	\$11,551,120	\$11,419,479	\$12,048,452
9,149,588	8,709,214	10,649,259	10,812,156	11,223,676	11,188,024	11,870,917
96.36%	96.73%	97.16%	97.23%	97.17%	97.97%	98.53%
96,940	3,969	167,209	161,863	284,617	225,920	197,873
9,246,528	8,713,183	10,816,468	10,974,019	11,508,293	11,413,944	12,068,790
97.38%	96.77%	98.68%	98.69%	99.63%	99.95%	100.17%
232,431	183,748	190,554	125,628	120,889	153,338	174,622
2.45%	2.04%	1.74%	1.13%	1.05%	1.34%	1.45%

## *Heath City School District*

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

	2010	2011	2012	2013
<b>Governmental Activities (1)</b>			*	
Long-Term Notes Payable	\$0	\$0	\$0	\$0
General Obligation Bonds Payable	15,402,557	15,120,402	15,061,386	14,522,171
Capital Leases	169,535	120,833	69,131	64,732
Total Primary Government	<u>\$15,572,092</u>	<u>\$15,241,235</u>	<u>\$15,130,517</u>	<u>\$14,586,903</u>
<b>Population (2)</b>				
City of Heath	8,507	10,310	10,310	10,310
Outstanding Debt Per Capita	1,831	1,478	1,468	1,415
<b>Income (3)</b>				
Personal (in thousands)	291,348	358,520	386,532	388,470
Percentage of Personal Income	5.34%	4.25%	3.91%	3.75%

\* 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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2014	2015	2016	2017	2018	2019
\$0	\$0	\$0	\$0	\$0	\$0
13,902,047	13,170,033	12,140,782	11,355,564	10,566,487	9,655,045
301,989	204,216	105,768	256,008	191,201	113,850
<u>\$14,204,036</u>	<u>\$13,374,249</u>	<u>\$12,246,550</u>	<u>\$11,611,572</u>	<u>\$10,757,688</u>	<u>\$9,768,895</u>
10,310	10,310	10,310	10,310	10,310	10,310
1,378	1,297	1,188	1,126	1,043	948
396,822	410,699	428,700	435,257	455,826	455,826
3.58%	3.26%	2.86%	2.67%	2.36%	2.14%

## *Heath City School District*

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

Year	2010	2011	2012	2013
<b>Population</b> <sup>(1)</sup>	8,507	10,310	10,310	10,310
<b>Assessed Value</b> <sup>(2)</sup>	249,576,830	249,789,690	252,752,210	255,107,890
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	15,402,557	15,120,402	15,061,386	14,522,171
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	880,415	1,031,216	1,103,745	1,042,575
<b>Net General Bonded Debt</b>	14,522,142	14,089,186	13,957,641	13,479,596
<b>Ratio of Net Bonded Debt to Assessed Value</b>	5.82%	5.64%	5.52%	5.28%
<b>Net Bonded Debt per Capita</b>	1,707.08	1,366.56	1,353.80	1,307.43

**Source:**

(1) U.S. Bureau of Census of Population

(2) Licking County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

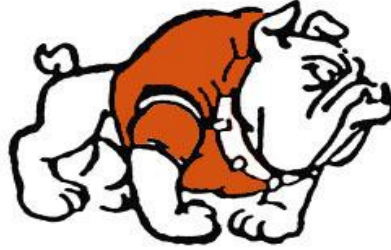
(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

***Heath City School District***

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2014	2015	2016	2017	2018	2019
10,310	10,310	10,310	10,310	10,310	10,310
256,422,430	254,163,855	243,934,110	248,262,876	271,391,600	277,895,103
13,902,047	13,170,033	12,140,782	11,355,564	10,566,487	9,655,045
1,049,893	1,075,169	1,242,170	1,006,492	1,399,129	1,443,227
12,852,154	12,094,864	10,898,612	10,349,072	9,167,358	8,211,818
5.01%	4.76%	4.47%	4.17%	3.38%	2.96%
1,246.57	1,173.12	1,057.09	1,003.79	889.17	796.49



## *Heath City School District*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2019*

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Heath City School District</u>	<u>Amount Applicable to Heath City School District</u>
<b>Direct:</b>			
Heath City School District	\$9,768,895	100.00%	\$9,768,895
<b>Overlapping:</b>			
City of Heath	1,281,175	91.37%	1,170,610
Career and Technical Education Center	3,155,000	6.64%	209,492
Licking County	31,381,830	6.22%	<u>1,951,950</u>
		Subtotal	<u>3,332,052</u>
		Total	<u><u>\$13,100,947</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*

	2010	2011	2012	2013
			*	
Net Assessed Valuation	\$249,576,830	\$249,789,690	\$252,752,210	\$255,107,890
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	22,461,915	22,481,072	22,747,699	22,959,710
Applicable District Debt Outstanding	15,402,557	15,120,402	15,061,386	14,522,171
Less: Applicable Debt Service Fund Amounts (2)	(880,415)	(1,031,216)	(1,103,745)	(1,042,575)
Net Indebtedness Subject to Limitation	<u>14,522,142</u>	<u>14,089,186</u>	<u>13,957,641</u>	<u>13,479,596</u>
Overall Legal Debt Margin	<u>\$7,939,773</u>	<u>\$8,391,886</u>	<u>\$8,790,058</u>	<u>\$9,480,114</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	249,577	249,790	252,752	255,108
Applicable District Debt Outstanding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$249,577</u>	<u>\$249,790</u>	<u>\$252,752</u>	<u>\$255,108</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,246,191	2,248,107	2,274,770	2,295,971
Applicable District Debt Outstanding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$2,246,191</u>	<u>\$2,248,107</u>	<u>\$2,274,770</u>	<u>\$2,295,971</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 for general obligation bonded debt supported by property taxes.

*Heath City School District*

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2014	2015	2016	2017	2018	2019
\$256,422,430	\$254,163,855	\$243,934,110	\$248,262,876	\$271,391,600	\$277,895,103
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
23,078,019	22,874,747	21,954,070	22,343,659	24,425,244	25,010,559
13,902,047	13,170,033	12,140,782	11,355,564	10,566,487	9,655,045
(1,049,893)	(1,075,169)	(1,242,170)	(1,006,492)	(1,399,129)	(1,443,227)
<u>12,852,154</u>	<u>12,094,864</u>	<u>10,898,612</u>	<u>10,349,072</u>	<u>9,167,358</u>	<u>8,211,818</u>
<u>\$10,225,865</u>	<u>\$10,779,883</u>	<u>\$11,055,458</u>	<u>\$11,994,587</u>	<u>\$15,257,886</u>	<u>\$16,798,741</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
256,422	254,164	243,934	248,263	271,392	277,895
0	0	0	0	0	0
<u>\$256,422</u>	<u>\$254,164</u>	<u>\$243,934</u>	<u>\$248,263</u>	<u>\$271,392</u>	<u>\$277,895</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,307,802	2,287,475	2,195,407	2,234,366	2,442,524	2,501,056
0	0	0	0	0	0
<u>\$2,307,802</u>	<u>\$2,287,475</u>	<u>\$2,195,407</u>	<u>\$2,234,366</u>	<u>\$2,442,524</u>	<u>\$2,501,056</u>

## *Heath City School District*

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

Calendar Year	2009	2010	2011	2012	2013
<b>Population</b> (1)					
City of Heath	8,507	10,310	10,310	10,310	10,310
Licking County	158,488	166,492	166,983	167,719	168,503
<b>Income</b> (2) (a)					
Total Personal (in thousands)	291,348	358,520	386,532	388,470	396,822
Per Capita	34,248	34,774	37,491	37,679	38,489
<b>Unemployment Rate</b> (3)					
Federal	9.3%	9.6%	8.9%	8.1%	7.4%
State	10.2%	10.1%	8.6%	7.2%	7.4%
Licking County	9.3%	9.5%	8.0%	6.5%	6.9%
Fiscal Year	2010	2011	2012	2013	2014
<b>School Enrollment</b> (4)					
Grades K - 2	373	359	347	353	359
Grades 3 - 5	413	401	381	379	382
Grades 6 - 8	437	457	419	408	388
Grades 9 - 12	468	458	455	477	505
JVS	52	55	56	55	48
Total	<u>1,743</u>	<u>1,730</u>	<u>1,658</u>	<u>1,672</u>	<u>1,682</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 (2018 not available), 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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2014	2015	2016	2017	2018
10,310	10,310	10,310	10,310	10,310
169,390	170,570	172,198	173,448	173,448
410,699	428,700	435,257	455,826	455,826
39,835	41,581	42,217	44,212	44,212
6.2%	5.3%	4.9%	4.4%	3.9%
5.7%	4.9%	4.9%	5.0%	4.6%
5.1%	4.4%	4.3%	4.2%	4.0%
2015	2016	2017	2018	2019
393	397	376	382	394
398	410	418	403	385
406	396	385	405	421
486	479	489	497	408
65	70	56	65	77
<u>1,748</u>	<u>1,752</u>	<u>1,724</u>	<u>1,752</u>	<u>1,685</u>



## *Heath City School District*

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

Employer	Nature of Business	2018	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	873	1
Super Wal-Mart Stores	Retail Sales	439	2
Heath City Schools	Education	307	3
Krogers	Retail / Grocery	296	4
JLH Automotive	Retail / Grocery	281	5
Lowe's Home Center	Retail / Grocery	256	6
Englefield Oil	Petroleum Products	252	7
Kaiser Aluminum & Chemical Co	Manufacturing	246	8
Heath Nursing Home	Health Care	201	9
Mathews Ford	Retail Sales	158	10
Total		3,309	

Employer	Nature of Business	2009	
		Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	995	1
Arvin/Meritor	Manufacturing	416	2
Super Wal-Mart Stores	Retail Sales	402	3
Heath City Schools	Education	300	4
Kaiser Aluminum & Chemical Co.	Manufacturing	263	5
Heath Nursing Home	Health Care	258	6
Sears	Retail Sales	158	7
Lowes Home Center	Retail Sales	157	8
JHL Automotive	Retail Sales	157	9
Englefield Oil	Petroleum Products	154	10
Total		3,260	

**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*

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Supervisory</b>					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	1.00	1.00	1.00	1.00	1.00
Principals	4.00	4.00	4.00	4.00	4.00
Assistant Principals	1.00	1.00	1.00	1.00	2.00
<b>Instruction</b>					
Classroom Teachers	106.00	104.00	102.00	100.00	104.00
<b>Student Services</b>					
Guidance Counselors	3.50	3.50	2.50	1.00	1.00
Psychologists	1.00	1.00	1.00	1.00	1.00
Librarians	2.00	2.00	2.00	1.00	1.00
<b>Support Services</b>					
Clerical/Secretaries	11.00	11.00	11.00	11.00	11.00
Tutors/Aides	2.00	2.00	2.00	1.00	1.00
Food Service	18.00	18.00	18.00	18.00	18.00
Maintenance/Grounds	9.00	9.00	9.00	9.00	9.00
Transportation	12.00	12.00	12.00	12.00	12.00
<i>Total Employees</i>	<u>172.50</u>	<u>170.50</u>	<u>167.50</u>	<u>162.00</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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2015	2016	2017	2018	2019
2.00	2.00	2.00	2.00	2.00
6.00	6.00	6.00	6.00	7.00
4.00	4.00	3.00	4.00	4.00
1.00	1.00	1.00	1.00	2.00
97.50	94.50	89.75	96.25	100.50
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	6.00	6.00
1.00	1.00	1.00	1.00	1.00
11.00	10.00	11.50	12.00	11.00
14.00	14.50	12.00	10.00	9.50
11.00	11.00	9.00	10.00	9.50
9.00	9.00	9.00	9.00	9.50
13.00	11.00	13.00	12.00	10.00
<u>172.50</u>	<u>167.00</u>	<u>160.25</u>	<u>170.25</u>	<u>173.00</u>

## *Heath City School District*

### *Operating Indicators - Cost per Pupil Last Ten Years*

Fiscal Year	2010	2011	2012	2013
Enrollment	1,743	1,730	1,658	1,672
Modified Accrual Basis				
Operating Expenditures	17,866,510	17,599,205	17,436,731	17,694,748
Cost per Pupil	10,250	10,173	10,517	10,583
Percentage of Change	6.8%	(0.8%)	3.4%	0.6%
Accrual Basis (1)				
Expenses	17,456,264	17,108,447	16,713,393	16,839,524
Cost per Pupil	10,015	9,889	10,080	10,071
Percentage of Change	9.21%	(1.26%)	1.93%	(0.09%)
Teaching Staff	106	104	93	94

(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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2014	2015	2016	2017	2018	2019
1,682	1,748	1,752	1,724	1,752	1,685
17,414,789	18,352,229	19,807,688	20,248,950	20,079,126	22,017,073
10,354	10,499	11,306	11,745	11,461	13,067
(2.2%)	1.4%	7.7%	3.9%	(2.4%)	14.0%
16,585,008	17,415,686	18,853,713	19,635,128	12,122,616	19,172,413
9,860	9,963	10,761	11,389	6,919	11,378
(2.10%)	1.04%	8.01%	5.84%	(39.25%)	64.44%
100	97.50	94.50	89.75	96.25	100.50

## *Heath City School District*

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

	2010	2011	2012	2013
<b>Governmental Activities</b>				
Pupils				
Enrollment	1,681	1,652	1,597	1,614
Graduates	110	122	116	112
Percent of Students with Disabilities	6.5%	6.7%	7.0%	7.1%
Board of Education				
Regularly scheduled board meetings per year	12	12	12	12
Administration				
School Attendance Rate	94.70%	95.40%	96.40%	96.20%
Fiscal Services				
Purchase Orders Processed	2,067	2,114	2,116	2,355
Checks Issued (non payroll)	1,583	2,266	2,242	2,385
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	1,188	1,195	1,162	1,169
Average Daily Bus Fleet Miles	901	901	901	899
Number of Buses	16	16	16	16
Operation of Noninstructional Services				
Food Service Operations				
Students Lunches Served Annually	156,982	146,579	145,932	142,972
Percent of Free/Reduced Price Meals (1)	40%	41%	46%	47%
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.



*Heath City School District*

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2014	2015	2016	2017	2018	2019
1,641	1,735	1,718	1,712	1,752	1,685
117	133	137	108	106	115
7.2%	7.2%	7.2%	11.5%	13.8%	12.2%
12	12	12	12	12	12
96.80%	96.70%	96.80%	94.90%	94.00%	94.30%
2,367	2,241	2,287	2,416	2,420	1,940
2,288	2,318	2,302	2,249	2,114	2,443
291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2
1,181	1,188	1,188	885	886	848
900	901	901	581	533	547
16	16	16	17	16	16
141,109	140,972	141,172	134,229	134,746	140,613
47%	48%	49%	63%	57%	55%
17	17	17	21	22	23

## *Heath City School District*

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

Fiscal Year	2010	2011	2012	2013	2014
Minimum Salary	33,286	33,286	33,286	33,286	34,118
Maximum Salary	71,565	71,565	71,565	71,565	73,354
District Average Salary	54,130	54,823	54,334	54,057	52,671
State Average Salary (1)	55,958	56,715	56,715	56,307	55,913

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

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

Fiscal Year	2010	2011	2012	2013	2014
Bachelor's Degree	9	7	6	6	27
Bachelor + 15 (1)	16	16	9	9	0
Master's Degree	56	56	57	56	64
Master's Degree + 15 (1)	12	12	9	9	0
Master's Degree + 30	13	13	12	12	9
Total	106	104	93	92	100

Source: District Treasurer's Office

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

(2) Ohio Department of Education

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

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

*Heath City School District*

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2015	2016	2017	2018	2019
34,800	35,148	35,148	35,851	36,568
74,820	75,568	77,326	78,872	80,450
51,776	52,446	52,535	55,769	53,490
55,242	57,154	58,849	58,186	60,399

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2015	2016	2017	2018	2019
26	23	34	30	33
0	0	0	0	0
67	72	57	59	61
0	0	0	0	0
9	9	9	12	10
102	104	100	101	104

## *Heath City School District*

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

	2010	2011	2012	2013
<b>Secondary</b>				
Heath High School				
Square Footage	124,740	124,740	124,740	124,740
Capacity (students)	600	600	600	600
Enrollment	520	513	511	532
<b>Middle</b>				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	437	457	419	408
<b>Elementary</b>				
Stevenson Elementary School				
Square Footage	44,437	44,437	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	413	401	381	379
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	450	450	450	450
Enrollment	373	359	347	353
<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	13	13
Bus Garage				
Square Footage	10,800	10,800	10,800	10,800
Capacity (Buses)	16	16	16	16

Source: District Treasurer's Office

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

*Heath City School District*

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2014	2015	2016	2017	2018	2019
124,740	124,740	124,740	124,700	124,700	124,700
600	600	600	600	600	600
553	551	549	545	562	485
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
388	406	396	385	405	421
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
382	398	410	418	403	385
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
359	393	397	376	382	394
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	14	14
12	13	13	13	13	13
10,800	10,800	10,800	10,800	10,800	10,800
16	16	16	17	16	16

## *Heath City School District*

### *Educational and Operating Statistics Last Ten Years*

	2010	2011	2012	2013	2014
<b>ACT Scores (Average)</b>					
Heath	22.0	21.9	21.8	21.7	21.8
Ohio	21.7	21.7	21.6	21.7	21.7
National	21.3	21.3	21.3	21.3	21.4
<b>Cost per Student (ODE)</b>					
Heath	10,480	10,677	9,136	10,961	8,603
Ohio (Average) (1)	10,512	10,571	10,508	10,149	9,536
<b>Attendance Rate</b>					
Heath	94.70%	95.40%	95.60%	94.80%	96.70%
Ohio (Average)	94.30%	94.50%	94.50%	94.20%	94.30%
<b>Graduation Rate (2)</b>					
Heath	99.30%	96.50%	93.80%	93.30%	91.70%
Ohio (Average)	83.00%	83.30%	81.30%	82.20%	82.30%

**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 2019 figures were not yet available.

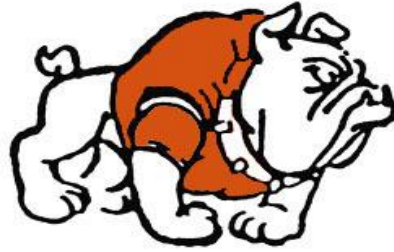
(a) Beginning with FY12, the Graduation rates from ODE are calculated using a method required by federal law that tracks students when they transfer from school to school- Longitudinal Graduation 4 Year Rate.

*Heath City School District*

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2015	2016	2017	2018	2019
21.9	21.9	21.3	18.3	18.5
21.7	21.7	22.0	20.3	20.0
21.4	21.4	21.0	20.8	20.7
8,225	8,978	9,480	8,335	8,914
9,904	9,837	10,445	9,353	9,724
94.90%	94.90%	94.90%	94.00%	94.30%
94.10%	94.10%	93.90%	93.70%	93.50%
96.90%	92.40%	92.80%	90.80%	90.80%
83.00%	83.50%	84.10%	85.30%	85.30%





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

**SUPPLEMENTAL REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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

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**HEATH CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(C) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<b>Child Nutrition Cluster:</b>			
(D) School Breakfast Program	10.553	2019	\$ 99,741
(D) National School Lunch Program	10.555	2019	282,519
(E) National School Lunch Program - Food Donations	10.555	2019	61,345
<b>Total National School Lunch Program</b>			<u>343,864</u>
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>			<u>443,605</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
Title I Grants to Local Educational Agencies	84.010	2018	48,603
Title I Grants to Local Educational Agencies	84.010	2019	251,992
<b>Total Title I Grants to Local Educational Agencies</b>			<u>300,595</u>
<b>Special Education Cluster (IDEA):</b>			
Special Education_Grants to States	84.027	2018	51,207
Special Education_Grants to States	84.027	2019	321,936
Special Education_Grants to States - Catastrophic	84.027	2019	2,157
<b>Total Special Education_Grants to States</b>			<u>375,300</u>
Special Education_Preschool Grants	84.173	2019	4,755
<b>Total Special Education Cluster (IDEA)</b>			<u>380,055</u>
Supporting Effective Instruction State Grants	84.367	2019	60,884
Student Support and Academic Enrichment Program	84.424	2019	3,775
<b>Total U.S. Department of Education</b>			<u>745,309</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,188,914</u>

**Notes to the Schedule of Expenditures of Federal Awards:**

- (A) This 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, 2019 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, changes in net position, or cash flows of the Heath City School District.
- (B) CFR 200.414 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. Heath City School District has not elected to use the 10% de minimis indirect cost rate.
- (C) OAKS did not assign pass-through numbers for fiscal year 2019.
- (D) Commingled with state and local revenue from breakfast and lunch sales; assumed expenditures were made on a first-in, first-out basis.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2019, 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 26, 2019.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
December 26, 2019



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program  
and on Internal Control Over Compliance and 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 the Major Federal Program***

We have audited the Heath City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Heath City School District's major federal program for the fiscal year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Heath City School District's major federal program.

***Management's Responsibility***

The Heath City School District's Management is responsible for complying 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 opine on the Heath City School District's compliance for the Heath City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Heath City School District's major program. However, our audit does not provide a legal determination of the Heath City School District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Heath City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2019.

***Report on Internal Control Over Compliance***

The Heath City School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Heath City School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. 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 also 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, 2019, and the related notes to the financial statements, which collectively comprise the Heath City School District's basic financial statements. We issued our unmodified report thereon dated December 26, 2019. We conducted our audit to opine on the Heath City School District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole



Julian & Grube, Inc.  
December 26, 2019



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

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2019**

<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>	Title I Grants to Local Educational Agencies, CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**HEATH CITY SCHOOL DISTRICT**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 4, 2020**