

Heath City School District

Heath, Ohio



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

HEATH CITY SCHOOL DISTRICT





65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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, 2024 through June 30, 2025. 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
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

April 08, 2026

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HEATH CITY SCHOOL DISTRICT

Heath, Ohio

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2025**

Prepared by:

**Mr. Karl Zarins
Treasurer**

HEATH CITY SCHOOL DISTRICT



HEATH CITY SCHOOL DISTRICT

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INTRODUCTORY SECTION



December 29, 2025

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 Annual Comprehensive Financial Report issued by the District. This Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 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 1,557 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

Letter of Transmittal For the Fiscal Year Ended June 30, 2025

ECONOMIC CONDITIONS AND OUTLOOK

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

The District experienced higher than “normal” property tax revenue increases during fiscal year 2025 due to increasing property valuations during the calendar year 2023 reappraisal (collected in calendar year 2024 that spans fiscal year 2024 and fiscal year 2025). However, this was offset by declines in state and federal funding. Federal funding reductions resulted in shifting expenditures from federal grant funds into the general fund. Property value appreciation occurred statewide impacting the affordability of homes, and subsequently, taxes on property values. This has prompted the state legislature to discuss legislation impacting future property tax collections in an effort to alleviate the impact on taxpayers. At the time of this report, no final legislation has been passed. However, the legislation being discussed could have a materially negative impact on the District’s financial condition.

The District still expects regional development of IT services and high-tech manufacturing, but the pace of those developments has slowed. The size of this development is expected to create numerous changes in the region as a whole. Intel, Google, Microsoft, Facebook, and Amazon have expressed interest in construction of facilities within Licking County. This has contributed to inflationary pressures on building costs, housing costs, and wage growth in the region. The city of Heath is aggressive in attracting businesses and residential development to the area through tax abatements and developing its infrastructure. Generally, the city can annex unincorporated adjacent land, but the school district cannot easily alter its boundaries, and this will likely limit the amount of additional development within the school district. However, there is one significant parcel of land planned for development that could impact the District. The District entered into a Tax Incremental Financing agreement with the City of Heath to grant economic tax incentives for a combination residential and commercial development within District boundaries. This could impact enrollment and building capacity sufficiency. However, the pace of this development also has slowed down in response to higher interest rates and slower economic development growth. The District continues to monitor the progress of this development and the impact it will have on the sufficiency of its building capacity and assess its response.

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 the General Fund’s 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 state legislature’s efforts at property tax reform and its undermining of the Fair School Funding Plan represents the largest fiscal challenges facing the District. The state fiscal year 2025-2026 state budget failed to update key variables in its funding plan. The net result of this decision is that the burden of financing school operations is being shifted from state sources to local sources. Simultaneously, the legislature’s efforts to make property tax reforms could challenge the ability for schools to raise local revenue. It should be noted, that at the time of this report legislation has been passed, but not yet approved by the Governor. Should this legislation become law, the District’s ability to maintain revenue growth to keep pace with its expenditure growth will be eliminated without passing additional tax levies.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2025

Offsetting these concerns, the District currently maintains a solid cash balance as a result of its fiscally responsible management. Fiscal year 25 saw the General Fund cash balances decline \$11.3m to \$7.5m. However, this is explained by a \$12.8m transfer to reserve funds. Removing the impact of this transfer, cash balances increased by \$1.5m. Overall cash balances declined by \$2.0m, explained by retirement of the District's outstanding bonds and lower federal grant fund balances. Despite these decreases, the District maintained an overall cash balance of \$23m, which is sufficient to allow time to make operational changes necessary to navigate changes to the financial landscape.

OPERATING RESULTS AND MAJOR INITIATIVES

Current:

During fiscal year 2025, the District continued to work toward both operational and educational goals.

Academically, the 2024-25 school year included improved student achievement data that exceeded (performance index) the pre-pandemic (2018-19) score of 90.6. The performance index for the 2024-25 school year improved to 94.1 from the prior year (2023-24) score of 93.3. District Progress scores were consistent from the prior year, with the school district earning 4 out of 5 stars. The third, fifth, seventh, eighth as well as most high school EOC assessed areas either met or exceeded expected growth. Student achievement and student growth metrics provide the most uniform data that indicates how students perform in reading, math, science and social studies. The district's chronic absenteeism rating was 15.6%, which was a significant improvement from the 2023-24 result of 18.1%.

Operationally, the District took steps to proactively address anticipated enrollment growth. After failing to pass a bond levy in March of 2024 to build a new K-6, the District has sought additional feedback from the community. The District facilitated numerous community meetings to determine its next course of action. The facilities task force made its recommendation to the board affirming the need for a K-6 building. The board is currently evaluating the proposal and potential timing to attempt another bond levy. No final decisions have been made whether to proceed at the time of this report. The District continues to monitor the progress of residential development.

Future:

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

Academically, the District is refocusing and continuing our work on instructional improvement during the 2025-26 school year. Our strongest concentration of work will be in the area of literacy. The District has completed the Comprehensive School Literacy Grant requirements and is now continuing the curriculum and training with general funds.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2025

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.
- Utilize STAR Early Literacy, STAR Reading and Math Assessments and multiple dyslexia screeners to identify students needing intervention, referral for possible gifted identification and/or progress monitoring of students.
- Utilize all available data to drive curricular decisions in the regular curriculum, intervention areas and special education.

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.

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

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

1. The county budget commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.
2. An annual appropriations measure is passed upon receipt of the County Auditor's final tax revenue estimates, October or November of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. The Board adopts initial or 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 Treasurer. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the fund level.

HEATH CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2025

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.

OTHER INFORMATION

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

AWARDS -- The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents satisfy all program standards. The report must satisfy both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. The District received a Certificate of Achievement for the year ended June 30, 2024. We believe this, our twenty-second Annual Comprehensive 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 Annual Comprehensive Financial Report was made possible by the diligence of the Treasurer's staff. We are also grateful for the services of Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report. We truly appreciate the contribution made by each staff member in the preparation of this report.

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

Respectfully submitted,



Trevor Thomas
Superintendent



Karl Zarins
Treasurer

HEATH CITY SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June, 30, 2025

Members of the Board of Education

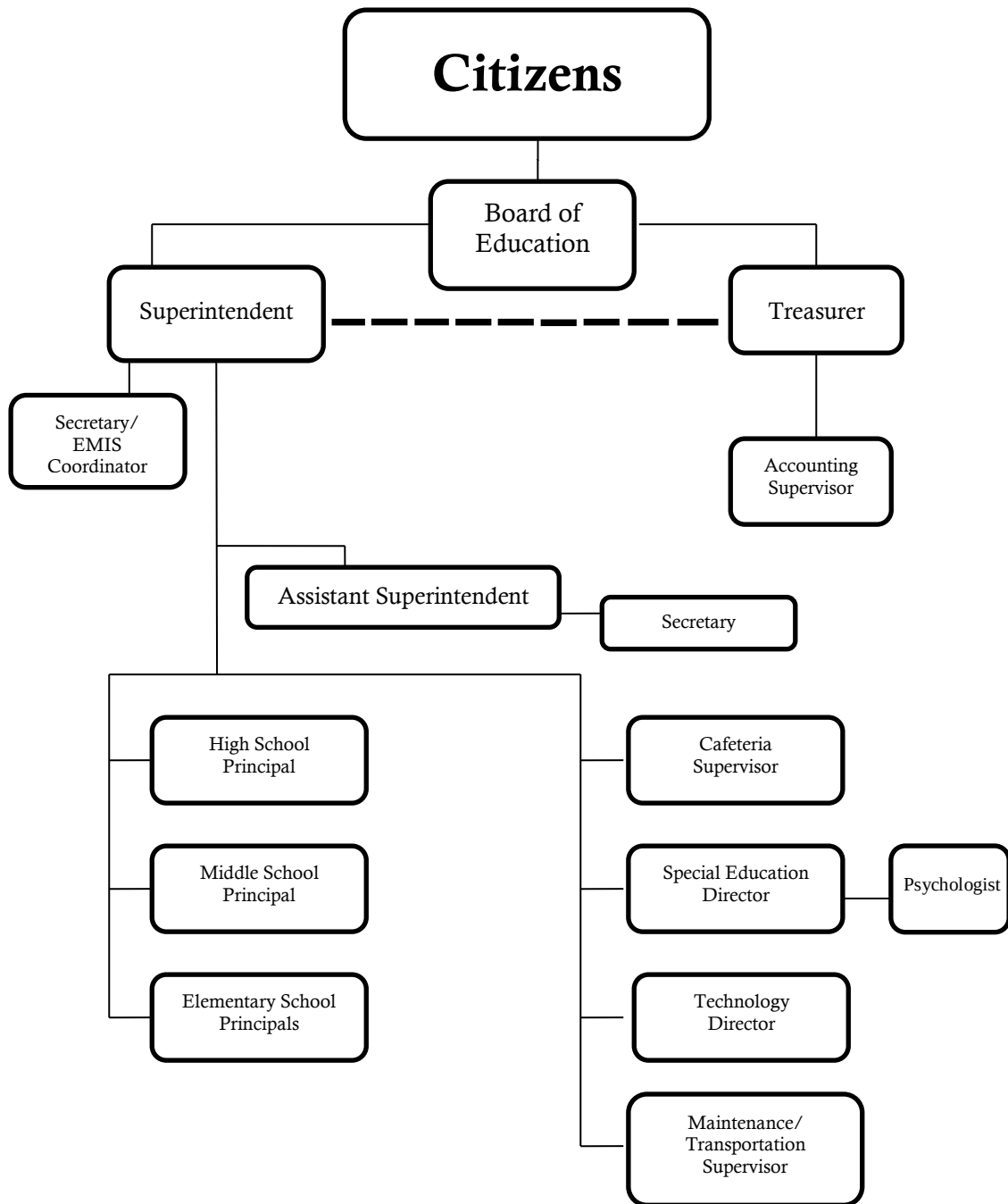
Name	Title	Years of Service
Ms. Debbie Kelley	President	17
Dr. Melody Klontz	Vice President	9
Dr. Craig Dyer	Member	9
Mr. Mark Grise	Member	3
Ms. Jamie Mills	Member	2

Administration

Name	Title	Years of Service	
		Position	Total
Dr. Trevor Thomas	Superintendent	12	23
Mr. Karl Zarins	Treasurer	8	23
Ms. Kelly Holbrook	Assistant Superintendent	12	27

HEATH CITY SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2025



HEATH CITY SCHOOL DISTRICT

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Heath City School District
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Independent Auditor's Report

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

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Heath City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Heath City School District's basic financial statements as listed in the table of contents.

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 Heath City School District, as of June 30, 2025, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 2 to the financial statements, Heath City School District restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences" and a revaluation of capital asset values. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Heath City School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025 on our consideration of Heath City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Heath City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heath City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 29, 2025



HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

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, 2025. 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 2025 are as follows:

- ❑ In total, net position increased \$3,200,742, which represents a 20.4% increase in net position from 2024.
- ❑ General revenues accounted for \$26,048,667 in revenue or 88.4% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,419,112 or 11.6% of total revenues of \$29,467,779.
- ❑ The District had \$26,267,037 in expenses related to governmental activities; only \$3,419,112 of these expenses were offset by program specific charges for services and sales and grants and contributions.
- ❑ Among major funds, the general fund had \$24,787,727 in revenues and other financing sources and \$35,557,152 in expenditures and other financing uses. The general fund's fund balance decreased from \$18,227,919 to \$7,458,494.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025***

Unaudited

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

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 2025 compared to 2024:

	Governmental Activities		Increase (Decrease)
	2025	2024	
Assets:			
Current and other assets	\$38,252,929	\$41,336,130	(\$3,083,201)
Net OPEB Asset	1,353,069	1,355,684	(2,615)
Capital assets, Net	15,915,016	13,564,003	2,351,013
Total assets	55,521,014	56,255,817	(734,803)
Deferred outflows of resources:			
Pension	4,122,805	4,260,390	(137,585)
OPEB	682,126	795,104	(112,978)
Total deferred outflows of resources	4,804,931	5,055,494	(250,563)
Liabilities:			
Net pension liability	17,332,746	18,955,579	(1,622,833)
Net OPEB liability	728,705	1,206,399	(477,694)
Long-term debt outstanding	2,818,164	5,402,151	(2,583,987)
Other liabilities	2,665,859	2,772,791	(106,932)
Total liabilities	23,545,474	28,336,920	(4,791,446)
Deferred inflows of resources:			
Property Tax	13,845,903	14,566,626	(720,723)
Refunding	0	86,279	(86,279)
Pension	2,069,135	1,222,914	846,221
OPEB	1,991,879	2,094,391	(102,512)
Total deferred inflows of resources	17,906,917	17,970,210	(63,293)
Net position (deficit):			
Net Investment in capital assets	15,546,270	9,328,463	6,217,807
Restricted	3,453,068	6,539,159	(3,086,091)
Unrestricted	(125,784)	(863,441)	737,657
Total net deficit	\$18,873,554	\$15,004,181	\$3,869,373

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

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

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

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

In accordance with GASB 68 and GASB 75, the 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 28.7% of total assets. Capital assets include land, construction in progress, buildings, improvements, machinery and equipment, leased assets and SBITA assets. Capital assets, net of related debt to acquire the assets at June 30, 2025 were \$15,546,270. 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, \$3,453,068, 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 \$34.8 million in unrestricted net position which may be used to meet the District's ongoing obligations to the students and creditors.

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HEATH CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal years 2025 and 2024:

	Governmental Activities		Increase (Decrease)
	2025	2024	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,256,856	\$1,299,607	(\$42,751)
Operating Grants and Contributions	2,162,256	3,148,229	(985,973)
Total Program Revenues	3,419,112	4,447,836	(1,028,724)
General Revenues:			
Property Taxes	15,090,366	13,729,747	1,360,619
Grants and Entitlements	9,506,014	10,035,677	(529,663)
Other	1,452,287	1,299,771	152,516
Total General Revenues	26,048,667	25,065,195	983,472
Total Revenues	29,467,779	29,513,031	(45,252)
Program Expenses			
Instruction	14,050,656	13,689,690	360,966
Support Services:			
Pupils Support	1,245,480	1,166,802	78,678
Instructional Staff Support	1,052,692	917,208	135,484
Board of Education	108,403	1,325,617	(1,217,214)
Administration	2,421,641	2,386,641	35,000
Fiscal Services	883,654	827,472	56,182
Business	23,638	16,748	6,890
Operation and Maintenance of Plant	2,026,951	1,777,447	249,504
Pupil Transportation	1,313,089	1,053,701	259,388
Central	508,087	443,349	64,738
Operation of Non-Instructional Services:			
Community Services	32,940	40,093	(7,153)
Food Service Operations	1,474,450	1,290,266	184,184
Extracurricular Activities	1,125,356	1,030,732	94,624
Interest and Fiscal Charges	0	52,715	(52,715)
Total Expenses	26,267,037	26,018,481	248,556
Change in Net Position	3,200,742	3,494,550	(293,808)
Net Position as Previously Reported	15,004,181	11,509,631	3,494,550
Change in Accounting Principle	(758,209)	0	(758,209)
Change in Accounting Estimate	1,426,840	0	1,426,840
Beginning Net Position, Restated	15,672,812	11,509,631	4,163,181
Ending Net Position	\$18,873,554	\$15,004,181	\$3,869,373

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

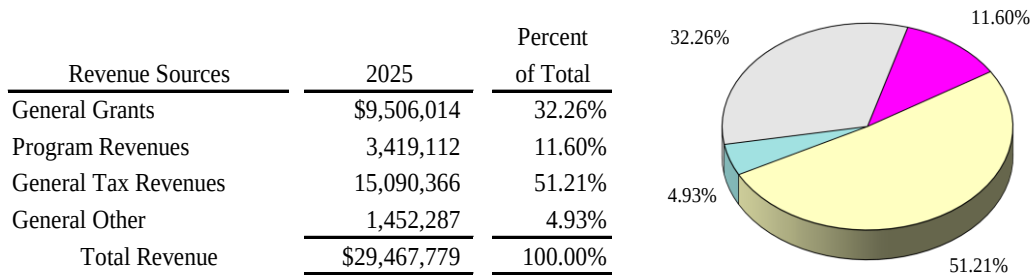
Unaudited

Governmental Activities

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources total \$24,596,380 and represent 83.5% 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. However, these reduction provisions are limited to a minimum tax rate of 20 mills for qualifying levies. As such, the District's property tax structure allows for 73.3% of its overall levies and 66.1% of its General Operating Fund levies to increase with property value appreciation.

Property taxes made up 51.21% of revenues for governmental activities for Heath City Schools in fiscal year 2025. 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 \$21,289,800, which is lower than last year's total of \$23,051,269. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2025 and 2024.

	Fund Balance June 30, 2025	Fund Balance June 30, 2024	Increase (Decrease)
General	\$7,458,494	\$18,227,919	(\$10,769,425)
Bond Retirement	0	3,055,506	(3,055,506)
Capital Projects	11,800,000	0	11,800,000
Other Governmental	2,031,306	1,767,844	263,462
Total	\$21,289,800	\$23,051,269	(\$1,761,469)

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

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

	2025	2024	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$12,889,668	\$10,682,602	\$2,207,066
Tuition	555,620	552,166	3,454
Investment Earnings	965,891	902,021	63,870
Class Materials and Fees	58,339	67,104	(8,765)
Intermediate Sources	0	37,089	(37,089)
Intergovernmental - State	9,731,184	10,168,497	(437,313)
All Other Revenue	84,182	181,678	(97,496)
Total	\$24,284,884	\$22,591,157	\$1,693,727

General Fund revenues for fiscal year 2025 increased by approximately 7.5% compared to fiscal year 2024. This was driven by an increase in taxes which were partially offset by a decline in Intergovernmental – State revenues.

The increase in Taxes is due to the revaluation of calendar year 2023 property values, which are collected in calendar year 2024. The first half of this collection occurred in fiscal year 2024, and the second half occurred in fiscal year 2025. Overall property values increased by 34% in calendar year 2023. These results were not specific to Heath City Schools; statewide property tax collections increased substantially. Generally, home values have increased faster than income, which has created an affordability issue, not only for housing but also for the resulting property taxes. At the time of this report, numerous pieces of state legislation have been proposed that would fundamentally change how Ohio taxes real property and levies property taxes. Many of these proposals would have a material negative impact on future property tax collections for the District. However, none of these proposals directly addresses the root issue of housing affordability.

While the funding burden has increased for local taxpayers, this is offset by a decline in Intergovernmental – State funding. This decline is explained by:

- A 5.5% decrease in enrollment.
- A state funding formula that does not update the “base cost” of educating children while simultaneously updating the local funding capacity and “local share.” The net effect of these policies for the District is a 12% reduction state share of the funding formula on a per-pupil basis from fiscal year 2024.
- These reductions are partially offset by the continued phase-in of the new school funding formula.

Combined with declines in federal funding (which is not reflected in the General Fund figures above), the overall funding burden was shifted to local taxpayers in fiscal year 2025.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

	2025 Expenditures	2024 Expenditures	Increase (Decrease)
Instruction	\$13,300,413	\$12,157,806	\$1,142,607
Supporting Services:			
Pupils Support	1,216,461	956,895	259,566
Instructional Staff Support	1,062,348	752,256	310,092
Board of Education	107,070	1,326,632	(1,219,562)
Administration	2,438,620	2,167,888	270,732
Fiscal Services	898,551	809,442	89,109
Business	23,638	16,748	6,890
Operation and Maintenance of Plant	1,939,710	1,726,311	213,399
Pupil Transportation	974,354	800,269	174,085
Central	442,505	404,688	37,817
Operation of Non-Instructional Services:			
Food Service Operations	872	4,013	(3,141)
Extracurricular Activities	785,235	622,784	162,451
Capital Outlay	0	1,000	(1,000)
Debt Service:			
Principal Retirement	58,240	50,898	7,342
Interest and Fiscal Charges	9,135	8,693	442
Total	\$23,257,152	\$21,806,323	\$1,450,829

Overall expenditures increased by \$1,450,829, or 6.7%, compared to the prior year.

Board of Education services expenditures decreased substantially from the prior year. This decrease is explained by the District entering into a self-insured health insurance consortium administered by the Stark County School's Council of Governments in 2024.

- A one-time insurance reserve "buy-in" was required, equal to 30% of the District's average annual claim costs over the last three years. This was a non-recurring cost.
- Anticipated Future Impact: As a result of this action, the District expects better control over future insurance costs and premium increases because the consortium spreads claims risk across over 172 member school districts and their 17,000 employees.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

Instruction costs increased by 9.4% from the prior year.

- Staffing and compensation explains approximately \$700,000 of this increase in the General Fund (cash basis).
 - Compensation: The majority of these increases are explained by a 4.0% base salary increase and an estimated 2% aggregated step increase granted to instructional employees for each year of experience, per the District's collective bargaining agreement.
 - New Positions and Changes to Funding Positions: The District increased its teaching positions by 3.5 Full-Time Equivalents (FTEs). This was predominantly for intervention specialist and special education teacher staffing to provide additional services for students requiring special, supplemental, and remediation instruction. However, not all of these positions were true new position increases. As federal funding decreased, some previously federally-funded positions were shifted to the General Fund (reflected above).
 - Outsourced Services: The District's outsourced instructional service costs increased by another \$489,000. \$385,000 of this increase is due to the need to contract for additional special education instruction services. The District added an additional contracted student aide and general increases in costs and service levels for children with Emotional Disturbances, Multiple Disabilities, and Preschool services for disabled students.

Pupil support costs increased predominantly due to salaries and benefits.

- Funding Shift: Similar to Instruction costs, as federal funding declined, these costs were shifted to the General Fund (reflected above). Two guidance counselors were funded by federal grants in the prior fiscal year (FY24) and are now funded by the General Fund in the current fiscal year (FY25).
- Outsourced Services: The remainder of the increase is largely explained by increased outsourced nursing, social work, and mental health services.

Instructional staff support costs increased due to salary and benefit costs due to adding a Literacy Coach position and funding a 0.5 Literacy Coordinator position from the General Fund instead of federal funds. Administration costs increased due to adding an assistant principal position shared between two elementary buildings and increased legal fees resulting from changes in Title IX compliance requirements.

Operation and Maintenance of Plant expenditures increased due to higher electricity and gas prices and repairs needed for the High School HVAC system.

Bond Retirement Fund – The fund balance reduced to \$0 in fiscal year 2025. The District retired all outstanding bonds in 2025.

Capital Projects Fund – The District funded this new fund in fiscal year 2025 with \$11.8 million in transfers.

HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025***

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.

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 2025 the District amended its General Fund budget several times. Final budget expenditure amounts were \$13.3 million higher than original budget amounts. The majority of these deviations (\$12.8m) were the result of increasing allocations for funding capital improvement funds (070) and a severance fund (035) by transferring funds from the General Fund. The decision to create and finance 070 and 035 funds was made after initial appropriations were prepared. Additionally, temporary advances from the General Fund to Federal Grant funds (operating on a reimbursement basis) to prevent negative cash balances, as these federal grants operate on a cost reimbursement basis and cannot be easily predicted. These advances are a book keeping compliance exercise and do not represent a true economic impact to the District. Actual expenditures (excluding other financing uses), were 0.9% higher than originally budgeted expenditures and .1% lower than the final budgeted expenditures. Other items causing budget increases included legal services to implement changes in Title IX investigation regulations, increased information technology services, and special education services predicated upon student needs that are unknown at the time original budgets are established. Final budget amounts and actual expenditures were tracked very closely.

Excluding other financing sources, revenues were .9% lower than originally budgeted and 0.01% higher than the final budget. Deviations from the original budget are explained by much higher investment earnings revenues and lower state funding than expected. State funding in turn is impacted by changes in enrollment which are not known at the time original revenue budgets are established. The General Fund budget actual revenue increased \$23,265 compared to the final budget estimates.

HEATH CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2025, the District had \$15,915,016 net of accumulated depreciation invested in land, construction in progress, buildings, improvements, machinery and equipment, leased assets and SBITA assets. The following table shows fiscal year 2025 and 2024 balances:

	Governmental Activities	Restated	Increase (Decrease)
	2025	2024	
Land	\$2,165,077	\$1,913,100	\$251,977
Construction in Progress	897,188	526,473	370,715
Buildings	25,683,853	24,908,714	775,139
Improvements	4,377,558	4,359,845	17,713
Machinery and Equipment	5,016,082	4,563,989	452,093
Leased Assets	128,830	128,830	0
SBITA Assets	149,565	292,991	(143,426)
Less: Accumulated Depreciation	(22,503,137)	(21,703,099)	(800,038)
Totals	\$15,915,016	\$14,990,843	\$924,173

The District's capital assets increased in 2025 predominately due to the addition of several in progress construction projects, including the closure of some construction in progress amounts into completed asset categories. The District had two large HVAC projects at its High School. One was completed and one was still in process at year end. In addition, the District purchased 4 acres of land in preparation for a potential building project requiring road access. Additional information on the District's capital assets can be found in Note 9.

Debt

At June 30, 2025, the District had \$2.8 million in leases and compensated absences outstanding, \$778,073 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2025 and 2024:

	2025	2024
Governmental Activities:		
General Obligation Bonds Payable	\$0	\$3,489,456
SBITA Liability	0	50,159
Lease Payable	92,784	116,011
Compensated Absences	2,725,380	1,746,525
Totals	\$2,818,164	\$5,402,151

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, 2025, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

HEATH CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025***

Unaudited

ECONOMIC FACTORS

The District's primary sources of funding remain local property tax collections and state funding. Property tax collections are in part reliant upon property valuations. The county auditor conducts a reappraisal every 6th year, with an update the third year. The Licking County Auditor performed its latest reappraisal of property values in tax year 2024, impacting collections for fiscal 2025 and 2025. This reappraisal resulting in property values within the District's taxing authority increasing 34.1%. However, as discussed above, state laws and the District's tax levy structure does not result in a proportionate increase in tax revenues. The next update will be in tax year 2026 impacting fiscal years 2027 and 2028. Due to the strong real estate market in central Ohio, low unemployment and growth in Licking County, property values are anticipated to appreciate. There is downside potential to the district's economic condition if property appreciation is so strong that it results in state legislative intervention. At the time of this report, several legislative items were being considered that could have an adverse impact on the District's ability to match revenue growth with expenditure growth without additional tax levies.

State funding under the current funding formula can be impacted by student enrollment, local wealth per pupil relative to other school districts and legislative provisions updating cost per student figures and phase in of its formula. The District's decline in enrollment combined with its increasing local wealth per pupil puts downward pressure on its state funding, which is partially offset by the funding formula's phase in. State funding is a legislative process that cannot be fully predicted. However, the District does not see evidence that the state legislature is committed to its current funding model despite having the economic capacity to continue a phase in of the formula (as evidenced by its increasing budget stabilization fund cash balances). For the 2026-2027 state budget, the state has chosen to not update its calculations of the "base cost" to educate children, but it does update the calculation of local capacity and "local share." A net result of this decision is that the state share of funding on a per pupil basis declines while the local share increases.

The District has also seen a decline in federal funding of education. Several COVID related grants have expired. The funds were predominantly used to fund positions in instruction, student support and teacher support services. Likewise, a 5-year Literacy grant has expired, which funded a Literacy Coordinator position. The net result is that these positions will need to either be phased out, or funded by the General Fund and local or state resources.

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, 2025

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$ 23,155,218
Receivables:	
Taxes	14,703,787
Accounts	25,835
Intergovernmental	275,257
Inventory	19,326
Prepaid Items	73,506
Net OPEB Asset	1,353,069
Capital Assets:	
Nondepreciable Capital Assets	3,062,265
Depreciable Capital Assets, Net	12,852,751
Total Capital Assets, Net	<u>15,915,016</u>
Total Assets	<u>55,521,014</u>
Deferred Outflows of Resources:	
Pension	4,122,805
OPEB	682,126
Total Deferred Outflows of Resources	<u>4,804,931</u>
Liabilities:	
Accounts Payable	339,963
Accrued Wages and Benefits	2,007,640
Intergovernmental Payable	318,256
Long Term Liabilities:	
Due Within One Year	778,073
Due in More Than One Year:	
Net Pension Liability	17,332,746
Net OPEB Liability	728,705
Other Amounts Due in More Than One Year	2,040,091
Total Liabilities	<u>23,545,474</u>
Deferred Inflows of Resources:	
Property Taxes	13,845,903
Pension	2,069,135
OPEB	1,991,879
Total Deferred Inflows of Resources	<u>17,906,917</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

	Governmental Activities
Net Position:	
Net Investment in Capital Assets	15,546,270
Restricted For:	
Capital Projects	1,596,874
Statutory Purposes	450,166
Federal and State Grant Programs	52,959
OPEB	1,353,069
Unrestricted (Deficit)	(125,784)
Total Net Position	\$ 18,873,554

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 14,050,656	\$ 628,974	\$ 810,239	\$ (12,611,443)
Support Services:				
Pupils	1,245,480	0	297,359	(948,121)
Instructional Staff	1,052,692	0	73,140	(979,552)
Board of Education	108,403	0	0	(108,403)
Administration	2,421,641	0	109,492	(2,312,149)
Fiscal Services	883,654	0	0	(883,654)
Business	23,638	0	0	(23,638)
Operation and Maintenance of Plant	2,026,951	0	94,803	(1,932,148)
Pupil Transportation	1,313,089	0	2,921	(1,310,168)
Central	508,087	0	15,930	(492,157)
Operation of Non-Instructional Services:				
Community Services	32,940	0	42,937	9,997
Food Service Operations	1,474,450	383,676	715,435	(375,339)
Extracurricular Activities	1,125,356	244,206	0	(881,150)
Totals	\$ 26,267,037	\$ 1,256,856	\$ 2,162,256	(22,847,925)
General Revenues				
Property Taxes Levied for:				
General Purposes				12,825,599
Debt Service				830,272
Capital Outlay				1,434,495
Grants and Entitlements not Restricted to Specific Programs				9,506,014
Investment Earnings				999,167
Miscellaneous				453,120
Total General Revenues				26,048,667
Change in Net Position				3,200,742
Net Position as Previously Reported				15,004,181
Change in Accounting Principle (GASB Statement 101)				(758,209)
Change in Accounting Estimate				1,426,840
Net Position Beginning of Year, As Restated				15,672,812
Net Position End of Year				\$ 18,873,554

See accompanying notes to the basic financial statements



HEATH CITY SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2025

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 8,861,483	\$ 11,800,000	\$ 2,493,735	\$ 23,155,218
Receivables:				
Taxes	13,243,429	0	1,460,358	14,703,787
Accounts	6,948	0	18,887	25,835
Intergovernmental	80,259	0	194,998	275,257
Interfund Loan Receivable	88,000	0	0	88,000
Inventory	0	0	19,326	19,326
Prepaid Items	71,306	0	2,200	73,506
Total Assets	\$ 22,351,425	\$ 11,800,000	\$ 4,189,504	\$ 38,340,929
Liabilities:				
Accounts Payable	\$ 61,479	\$ 0	\$ 278,484	\$ 339,963
Accrued Wages and Benefits	1,843,455	0	164,185	2,007,640
Intergovernmental Payable	296,206	0	22,050	318,256
Interfund Loans Payable	0	0	88,000	88,000
Total Liabilities	2,201,140	0	552,719	2,753,859
Deferred Inflows of Resources:				
Property Taxes	12,456,680	0	1,389,223	13,845,903
Unavailable Revenue	235,111	0	216,256	451,367
Total Deferred Inflows of Resources	12,691,791	0	1,605,479	14,297,270
Fund Balances:				
Nonspendable	71,306	0	21,526	92,832
Restricted	0	0	2,200,463	2,200,463
Committed	985,640	11,800,000	0	12,785,640
Assigned	1,715,477	0	0	1,715,477
Unassigned	4,686,071	0	(190,683)	4,495,388
Total Fund Balances	7,458,494	11,800,000	2,031,306	21,289,800
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 22,351,425	\$ 11,800,000	\$ 4,189,504	\$ 38,340,929

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2025

Total Governmental Fund Balances		\$	21,289,800
<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.			15,915,016
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			451,367
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	4,122,805		
Deferred Inflows - Pension	(2,069,135)		
Net Pension Liability	<u>(17,332,746)</u>	(15,279,076)	
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	682,126		
Deferred Inflows - OPEB	(1,991,879)		
Net OPEB Asset	1,353,069		
Net OPEB Liability	<u>(728,705)</u>	(685,389)	
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.			
Lease Payable	(92,784)		
Compensated Absences Payable	<u>(2,725,380)</u>	<u>(2,818,164)</u>	
<i>Net Position of Governmental Activities</i>		<u><u>\$</u></u>	<u><u>18,873,554</u></u>

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, 2025

	General	Bond Retirement	Capital Projects
Revenues:			
Local Sources:			
Taxes	\$ 12,889,668	\$ 863,534	\$ 0
Tuition	555,620	0	0
Food Services	0	0	0
Investment Earnings	965,891	0	0
Extracurricular Activities	0	0	0
Class Materials and Fees	58,339	0	0
Intergovernmental - State	9,731,184	148,909	0
Intergovernmental - Federal	0	0	0
All Other Revenue	84,182	0	0
Total Revenues	24,284,884	1,012,443	0
Expenditures:			
Current:			
Instruction	13,300,413	0	0
Supporting Services:			
Pupils	1,216,461	0	0
Instructional Staff	1,062,348	0	0
Board of Education	107,070	0	0
Administration	2,438,620	0	0
Fiscal Services	898,551	14,096	0
Business	23,638	0	0
Operation and Maintenance of Plant	1,939,710	0	0
Pupil Transportation	974,354	0	0
Central	442,505	0	0
Operation of Non-Instructional Services:			
Community Services	0	0	0
Food Service Operations	872	0	0
Extracurricular Activities	785,235	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	58,240	3,355,000	0
Interest and Fiscal Charges	9,135	50,325	0
Total Expenditures	23,257,152	3,419,421	0
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	1,027,732	(2,406,978)	0

HEATH CITY SCHOOL DISTRICT

Other Governmental Funds	Total Governmental Funds
\$ 1,440,711	\$ 15,193,913
0	555,620
383,676	383,676
33,276	999,167
244,206	244,206
0	58,339
92,953	9,973,046
2,094,142	2,094,142
215,047	299,229
4,504,011	29,801,338
899,537	14,199,950
38,323	1,254,784
62,473	1,124,821
0	107,070
114,739	2,553,359
20,940	933,587
0	23,638
86,814	2,026,524
259,719	1,234,073
59,497	502,002
32,940	32,940
1,448,858	1,449,730
269,112	1,054,347
1,580,222	1,580,222
15,146	3,428,386
757	60,217
4,889,077	31,565,650
(385,066)	(1,764,312)
	(Continued)

HEATH CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	<u>General</u>	<u>Bond Retirement</u>	<u>Capital Projects</u>
Other Financing Sources (Uses):			
Sale of Capital Assets	2,843	0	0
Transfers In	0	0	11,800,000
Transfers Out	<u>(11,800,000)</u>	<u>(648,528)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(11,797,157)</u>	<u>(648,528)</u>	<u>11,800,000</u>
Net Change in Fund Balances	(10,769,425)	(3,055,506)	11,800,000
Fund Balances at Beginning of Year	<u>18,227,919</u>	<u>3,055,506</u>	<u>0</u>
Fund Balances End of Year	<u><u>\$ 7,458,494</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 11,800,000</u></u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Other Governmental Funds	Total Governmental Funds
0	2,843
648,528	12,448,528
<u>0</u>	<u>(12,448,528)</u>
<u>648,528</u>	<u>2,843</u>
263,462	(1,761,469)
<u>1,767,844</u>	<u>23,051,269</u>
<u><u>\$ 2,031,306</u></u>	<u><u>\$ 21,289,800</u></u>

HEATH CITY SCHOOL DISTRICT

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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$	(1,761,469)
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**Amounts reported for governmental activities in the statement of
activities are different because**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	984,441
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The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase net position.	(60,268)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(502,465)
--	-----------

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	1,972,625
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(1,277,591)
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Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB income/(expense) in the statement of activities.	408,606
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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.	3,428,386
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.	8,388
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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	(220,646)	
Amortization of Deferred Gain on Refunding	86,279	
Amortization of Premium on Bond Issuance	134,456	89

Change in Net Position of Governmental Activities	\$	3,200,742
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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, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 12,806,091	\$ 12,860,569	\$ 12,860,464	\$ (105)
Tuition	550,000	555,711	555,620	(91)
Investment Earnings	748,900	811,428	826,328	14,900
Class Material and Fees	1,950	4,214	4,217	3
Intermediate Sources	6,500	0	0	0
Intergovernmental - State	10,060,570	9,659,224	9,662,661	3,437
All Other Revenues	28,027	51,486	56,607	5,121
Total Revenues	24,202,038	23,942,632	23,965,897	23,265
Expenditures:				
Current:				
Instruction	12,680,676	13,211,167	13,198,950	12,217
Support Services:				
Pupils	1,255,999	1,217,664	1,211,642	6,022
Instructional Staff	1,013,662	1,045,926	1,043,947	1,979
Board of Education	94,198	113,446	113,174	272
Administration	2,250,042	2,458,475	2,455,361	3,114
Fiscal Services	888,389	905,927	905,124	803
Business	12,200	25,673	25,638	35
Operation and Maintenance of Plant	1,939,684	1,963,210	1,960,446	2,764
Pupil Transportation	823,829	993,950	992,988	962
Central	863,674	451,765	450,945	820
Non-Instructional Services:				
Food Service Operations	2,100	3,179	3,102	77
Extracurricular Activities	614,214	684,682	681,509	3,173
Capital Outlay	400,000	0	0	0
Debt Service:				
Interest and Fiscal Charges	500	0	0	0
Total Expenditures	22,839,167	23,075,064	23,042,826	32,238
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,362,871	867,568	923,071	55,503

(Continued)

HEATH CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	3,000	1,136	2,843	1,707
Transfers In	0	506,493	500,000	(6,493)
Transfers Out	(90,000)	(13,316,096)	(13,309,928)	6,168
Advances In	601,500	601,500	601,500	0
Advances Out	(250,000)	(88,000)	(88,000)	0
Total Other Financing Sources (Uses)	<u>264,500</u>	<u>(12,294,967)</u>	<u>(12,293,585)</u>	<u>1,382</u>
Net Change in Fund Balance	1,627,371	(11,427,399)	(11,370,514)	56,885
Fund Balance at Beginning of Year	18,444,979	18,444,979	18,444,979	0
Prior Year Encumbrances	305,539	305,539	305,539	0
Fund Balance at End of Year	<u>\$ 20,377,889</u>	<u>\$ 7,323,119</u>	<u>\$ 7,380,004</u>	<u>\$ 56,885</u>

See accompanying notes to the basic financial statements

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 71 noncertified and approximately 131 certified teaching personnel and administrative employees providing education to 1,557 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 three jointly governed organizations. These organizations are the Licking Area Computer Association (LACA), which provides computer services to school districts, the State Support Team (SST11) Region 11, and the Stark County Schools' Council of Government's health insurance plan. The Licking County Career and Technical Education Center acts as fiscal agent for LACA and the Educational Service Center of Central Ohio is the fiscal agent for SST11. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

The following fund types are used by the District:

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

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

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

Capital Projects Fund – This fund is used for the accumulation of resources for the acquisition or construction of capital facilities or other capital assets.

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

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus – Financial Statements

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 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 2025.

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, 2025

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)	(\$10,769,425)
Increase (Decrease):	
Accrued Revenues	
at June 30, 2025,	
received during FY 2026	(726,845)
Accrued Revenues	
at June 30, 2024,	
received during FY 2025	1,137,602
Accrued Expenditures	
at June 30, 2025,	
paid during FY 2026	2,196,265
Accrued Expenditures	
at June 30, 2024,	
paid during FY 2025	(2,057,157)
FY 2024 Prepays for FY 2025	66,507
FY 2025 Prepays for FY 2026	(71,306)
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	(915,905)
Adjustment to Fair Value	(136,692)
Encumbrances Outstanding	(93,558)
Budget Basis	(\$11,370,514)

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2025, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, the District reports its investments in federal securities, negotiable certificates of deposit, US Treasury Notes 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 2025, 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 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24-hour notice in advance of all deposits and withdrawals exceeding \$100 million is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million, per day. 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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, 2025, 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.

The District reports capital assets for Subscription Based Information Technology Arrangements (SBITAs). A SBITA asset is an intangible asset which represents the District's right to use another entity's information technology software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements ***For the Fiscal Year Ended June 30, 2025***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

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)
Buildings	20 - 40
Improvements	15 - 20
Machinery and Equipment	7 - 20
Leased Assets	7
SBITA Assets	2-3

K. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds Payable	Bond Retirement Fund
SBITA Payable	General Fund, ESSER Fund
Lease Payable	General Fund
Compensated Absences	General Fund, Food Service Fund

L. Compensated Absences

GASB Statement No. 101, “*Compensated Absences*”, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability. Accrued vacation and sick leave are accumulated to District employees at varying amounts and are attributable to services already rendered. At the time of the employee’s termination, such accruals are paid to the employee at varying rates from the fund to which the employee’s payroll is charged.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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, 2025.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions/Other Postemployment Benefits (OPEB)

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

P. Interfund Activity

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

Q. Estimates

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Extraordinary item transactions did not occur during fiscal year 2025. 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 2025, the District had no extraordinary or special items.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

T. Deferred Outflows/Inflows of Resources

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Fair Value

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE, CHANGE IN ACCOUNTING ESTIMATE AND RESTATEMENT OF NET POSITION

For fiscal year 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, “Compensated Absences” and Statement No. 102, “Certain Risk Disclosures.”

GASB Statement No. 102 requires the disclosure of information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The implementation of this Statement had no effect on beginning net position/fund balance.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. The implementation of this Statement had the following effect on beginning net position:

	<u>Governmental Activities</u>
Net Position, June 30, 2024 as reported	\$15,004,181
Change in Accounting Principle	(758,209)
Change in Accounting Estimate	<u>1,426,840</u>
Net Position, July 1, 2024 as restated	<u><u>\$15,672,812</u></u>

The District revalued the capital assets (land and construction in progress) owned by the District in fiscal year 2025, resulting in the change in accounting estimate referenced above.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$71,306	\$0	\$19,326	\$90,632
Supplies Inventory	0	0	2,200	2,200
Total Nonspendable	71,306	0	21,526	92,832
Restricted:				
Food Service Operations	0	0	452,572	452,572
Community Activities	0	0	4,869	4,869
Extracurricular Activities	0	0	123,292	123,292
Nonpublic Schools	0	0	339	339
Technology Improvements	0	0	8,761	8,761
Federal Grants	0	0	33,737	33,737
Limited English Proficiency	0	0	1,277	1,277
Capital Improvements	0	0	1,575,616	1,575,616
Total Restricted	0	0	2,200,463	2,200,463
Committed:				
Building Maintenance and Renovation	0	11,800,000	0	11,800,000
Termination Benefits	985,640	0	0	985,640
Total Committed	985,640	11,800,000	0	12,785,640
Assigned:				
Scholarships and School Support	130,109	0	0	130,109
Projected Budget Deficit	1,511,088	0	0	1,511,088
Services and Supplies	74,280	0	0	74,280
Total Assigned	1,715,477	0	0	1,715,477
Unassigned (Deficit)	4,686,071	0	(190,683)	4,495,388
Total Fund Balances	\$7,458,494	\$11,800,000	\$2,031,306	\$21,289,800

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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	\$2,038,553
Depreciation/Amortization Expense	(1,054,112)
	<u>\$984,441</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$103,547)
Decrease in Intergovernmental Grants Receivable	(398,918)
	<u>(\$502,465)</u>

Amount of current year contractually required contributions deferred:

Pension Contributions	\$1,916,618
OPEB Contributions	56,007
	<u>\$1,972,625</u>

Long-term debt activity:

Bond Principal Payment	(\$3,355,000)
Lease Payments	(23,227)
SBITA Payments	(50,159)
	<u>(\$3,428,386)</u>

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

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

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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. 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. 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 OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

A. Deposits (Continued)

At year end the carrying amount of the District's deposits was \$8,105,436 and the bank balance was \$8,153,285. Federal depository insurance and OPCS covered all of the bank balance.

Following Ohio statutes, 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 2025 amounted to \$965,891. This includes \$526,808 assigned from other District funds.

B. Investments

The District's investments at June 30, 2025 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3 years	3-5 years
STAR Ohio	\$4,740,681	a AAAm ²	\$4,740,681	\$0	\$0
Money Market Fund	211,569	a AAAm ²	211,569	0	0
US Treasury Note	3,271,804	Aaa ¹ , AA+ ²	150,768	1,465,884	1,655,152
FHLB Note	512,100	Aaa ¹ , AA+ ²	0	59,091	453,009
FHLM Notes	323,346	Aaa ¹ , AA+ ²	323,346	0	0
FFCB Notes	1,030,890	Aaa ¹ , AA+ ²	0	667,239	363,651
FNMA Notes	131,287	Aaa ¹ , AA+ ²	0	0	131,287
Municipal Bonds	205,412	Aaa ²	0	205,412	0
Commercial Paper	434,111	P-1 ¹ , A-1	0	434,111	0
Negotiable CD	4,188,582	AAA ³	960,831	2,628,545	599,206
Total Investments	<u>\$15,049,782</u>		<u>\$6,387,195</u>	<u>\$5,460,282</u>	<u>\$3,202,305</u>

¹ Moody's Investor Service

² Standard & Poor's

³ All are fully FDIC insured and therefore have an implied AAA credit rating.

^a Measured on an amortized cost basis.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

B. Investments (Continued)

The investment in the Money Market Fund is valued utilizing Level 1 inputs. The District's investments in federal agency securities (FHLB, FHLM, FNMA, FFCB and US Treasury Notes), Municipal Bonds, 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, 32% are STAR Ohio, 1% are Money Market Funds, 22% are US Treasury Notes, 3% are FHLB, 2% are FHLM, 7% are FFCB Notes, 1% are Municipal Bonds, 1% are FNMA, 3% are Commercial Paper and 28% 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, 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 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 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 2025 receipts were based are:

	Assessed Values for Collection in:	
	2024 Second Half	2025 First Half
Agricultural/Residential and Other Real Estate	\$398,254,949	\$404,984,916
Public Utility Personal	27,986,370	30,444,480
Total Assessed Value	<u>\$426,241,319</u>	<u>\$435,429,396</u>
Tax rate per \$1,000 of assessed valuation	\$60.30	\$60.30

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 6 - PROPERTY TAXES (Continued)

Tax Abatement

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

As of June 30, 2025, 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 2025, 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	\$ 1,576,009

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2025*

NOTE 7 - RECEIVABLES

Receivables at June 30, 2025 consisted of accounts, taxes and intergovernmental receivables. All receivables are expected to be collected within the next year.

NOTE 8 - INTERFUND ACTIVITY

A. Interfund Receivables and Payables

Following is a summary of interfund receivables and payables for all funds at June 30, 2025:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$88,000	\$0
Nonmajor Governmental Funds	0	88,000
Totals	<u>\$88,000</u>	<u>\$88,000</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, 2025.

B. Transfers

Following is a summary of transfers in and out for all funds for the fiscal year ended June 30, 2025:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$11,800,000
Bond Retirement Fund	0	648,528
Capital Projects Fund	11,800,000	0
Other Governmental Funds	648,528	0
Totals	<u>\$12,448,528</u>	<u>\$12,448,528</u>

During fiscal year 2025 the General Fund transferred \$11,800,000 to the Capital Projects Fund for future capital improvements and the Bond Retirement Fund transferred \$648,528 to the Capital Improvement Fund (Other Governmental Funds) per Ohio Revised Code Section 5705.14(C)(2) after paying off outstanding debt.

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or (1) budget requires to expend them and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14 – 5705.16.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2025:

<i>Historical Cost:</i>	Restated			
Class	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
<i>Capital Assets not being depreciated:</i>				
Land	\$1,913,100	\$251,977	\$0	\$2,165,077
Construction In Progress	526,473	782,744	(412,029)	897,188
Subtotal	2,439,573	1,034,721	(412,029)	3,062,265
<i>Capital Assets being depreciated:</i>				
Buildings	24,908,714	775,139	0	25,683,853
Improvements	4,359,845	54,473	(36,760)	4,377,558
Machinery & Equipment	4,563,989	586,249	(134,156)	5,016,082
Leased Assets	128,830	0	0	128,830
SBITA Assets	292,991	0	(143,426)	149,565
Subtotal	34,254,369	1,415,861	(314,342)	35,355,888
Total Cost	\$36,693,942	\$2,450,582	(\$726,371)	\$38,418,153
<i>Accumulated Depreciation:</i>				
Class	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Buildings	(\$15,439,168)	(\$570,426)	\$0	(\$16,009,594)
Improvements	(3,018,135)	(104,312)	25,555	(3,096,892)
Machinery & Equipment	(3,065,399)	(308,474)	89,093	(3,284,780)
Leased Assets	(12,525)	(21,472)	0	(33,997)
SBITA Assets	(167,872)	(49,428)	143,426	(73,874)
Total Depreciation	(\$21,703,099)	(\$1,054,112) *	\$258,074	(\$22,499,137)
<i>Net Value:</i>	\$14,990,843			\$15,919,016

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$713,107
Support Services:	
Pupils	10,976
Board of Education	1,298
Administration	1,592
Fiscal Services	3,104
Operations and Maintenance of Plant	59,071
Pupil Transportation	120,677
Central	10,512
Operation of Non-Instructional Services:	
Food Service	22,945
Extracurricular Activities	110,830
Total Depreciation Expense	\$1,054,112

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description

School Employees Retirement System (SERS)

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 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 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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

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, 2025, the allocation to pension, death benefits, and Medicare B was 14 percent. No amount was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$441,960 for fiscal year 2025.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

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.

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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2025, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,474,658 for fiscal year 2025. Of this amount \$222,139 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, 2024, 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, 2025

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:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$3,606,931	\$13,725,815	\$17,332,746
Proportion of the Net Pension Liability -2025	0.0705085%	0.0713334%	
Proportion of the Net Pension Liability -2024	0.0713860%	0.0697060%	
Percentage Change	(0.0008775%)	0.0016274%	
Pension Expense	\$314,511	\$963,080	\$1,277,591

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$137,711	\$864,364	\$1,002,075
Change of assumptions	32,267	632,561	664,828
District contributions subsequent to the measurement date	441,960	1,474,658	1,916,618
Changes in proportionate share	24,133	515,151	539,284
Total Deferred Outflows of Resources	\$636,071	\$3,486,734	\$4,122,805
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$7,511	\$7,511
Changes of assumptions	0	476,135	476,135
Net difference between projected and actual earnings on pension plan investments	225,614	1,180,143	1,405,757
Changes in proportionate share and differences between District contributions and proportionate share of contributions	34,536	145,196	179,732
Total Deferred Inflows of Resources	\$260,150	\$1,808,985	\$2,069,135

\$1,916,618 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$175,157)	(\$629,323)	(\$804,480)
2027	219,575	1,330,496	1,550,071
2028	(44,115)	(277,730)	(321,845)
2029	(66,342)	(220,352)	(286,694)
Total	(\$66,039)	\$203,091	\$137,052

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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, 2024, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed June 30, 2020.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	3.00%	0.97%
US Equity	22.00%	4.68%
Non-US Equity Developed	12.00%	4.96%
Non-US Equity Emerging	6.00%	5.66%
Fixed Income/Global Bonds	18.00%	2.38%
Private Equity	14.00%	7.10%
Real Estate	13.00%	3.64%
Infrastructure	7.00%	4.80%
Private Debt/Private Credit	5.00%	5.86%
Total	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

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 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$5,518,104	\$3,606,931	\$1,997,825

State Teachers Retirement System (STRS)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2024 actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2024, Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

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

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Asset Class	Target Allocation*	Long Term Expected Rate of Return**
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	100.00 %	

*Final target weights reflected at October 1, 2022.

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. 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, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

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 7.00 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$22,142,144	\$13,725,815	\$6,607,045

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS

A. Net OPEB Liability (Asset)

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

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

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

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

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

B. Plan Description

School Employees Retirement System (SERS)

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Plan Description (Continued)

The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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 2025, 0.0 percent of covered payroll was contributed to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$51,589.

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 \$56,007 for fiscal year 2025, which is reported as an intergovernmental payable.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2025, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund.

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

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the pension and OPEB plans relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$728,705	(\$1,353,069)	
Proportion of the Net OPEB Liability (Asset) -2025	0.0715473%	0.0713340%	
Proportion of the Net OPEB Liability (Asset) -2024	0.0732285%	0.0697060%	
Percentage Change	(0.0016812%)	0.0016280%	
OPEB Expense	(\$111,995)	(\$296,611)	(\$408,606)

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$58,821	\$58,821
Changes of assumptions	312,762	166,542	479,304
Net difference between projected and actual earnings on OPEB plan investments	3,556	0	3,556
Changes in proportionate share	81,006	3,432	84,438
District contributions subsequent to the measurement date	56,007	0	56,007
Total Deferred Outflows of Resources	<u>\$453,331</u>	<u>\$228,795</u>	<u>\$682,126</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$785,737	\$145,817	\$931,554
Changes of assumptions	334,741	610,223	944,964
Changes in proportionate share	57,266	0	57,266
Net difference between projected and actual earnings on OPEB plan investments	0	58,095	58,095
Total Deferred Inflows of Resources	<u>\$1,177,744</u>	<u>\$814,135</u>	<u>\$1,991,879</u>

\$56,007 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$192,375)	(\$204,406)	(\$396,781)
2027	(135,241)	(90,403)	(225,644)
2028	(108,736)	(116,400)	(225,136)
2029	(95,893)	(108,490)	(204,383)
2030	(94,821)	(87,838)	(182,659)
Thereafter	(153,354)	22,197	(131,157)
Total	<u>(\$780,420)</u>	<u>(\$585,340)</u>	<u>(\$1,365,760)</u>

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Expected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

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 2015 through 2020, and was adopted by the Board in 2021. 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, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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, 2024 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	3.00%	0.97%
US Equity	22.00%	4.68%
Non-US Equity Developed	12.00%	4.96%
Non-US Equity Emerging	6.00%	5.66%
Fixed Income/Global Bonds	18.00%	2.38%
Private Equity	14.00%	7.10%
Real Estate	13.00%	3.64%
Infrastructure	7.00%	4.80%
Private Debt/Private Credit	5.00%	5.86%
Total	<u>100.00%</u>	

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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, 2024, was 4.88%. The discount rate used to measure the total OPEB liability prior to June 30, 2024, was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members in 2059 by SERS actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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 (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$971,703	\$728,705	\$535,612

	1% Decrease (6.00% Decreasing to 3.40%)	Current Trend Rate (7.00% Decreasing to 4.40%)	1% Increase (8.00% Decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$492,578	\$728,705	\$1,039,077

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	(112.22) percent initial 3.94 percent ultimate	(10.94) percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	(11.95) percent initial 4.14 percent ultimate
Medicare	(15.14) percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	100.00 %	

*Final target weights reflected at October 1, 2022.

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. 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 7.00% was used to measure the total OPEB liability as of June 30, 2024.

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 7.00 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 (6.00 percent), or one percentage point higher (8.00 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 than the current health care cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net OPEB liability (asset)	(\$1,100,135)	(\$1,353,069)	(\$1,573,178)

	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
School District's proportionate share of the net OPEB liability (asset)	(\$1,588,046)	(\$1,353,069)	(\$1,070,480)

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HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

The original amount of the 2015 refunding bond was \$7,340,000 and was used to partially refund a 2005 refunding bond. The 2005 refunded bond has a \$0 outstanding balance at June 30, 2025 because it has been called.

Detail of the changes in the bond, lease, SBITA liability and compensated absences of the District for the year ended June 30, 2025 is as follows:

		Restated Balance June 30, 2024	Issued	Retired	Balance June 30, 2025	Due Within One Year
Governmental Activities:						
General Obligation Bonds Payable:						
School Improvement Bonds-Refunding-2015	2-4%	\$3,355,000	\$0	(\$3,355,000)	\$0	\$0
Premium on Refunding Bonds		134,456	0	(134,456)	0	0
Total General Obligation Bonds Payable		3,489,456	0	(3,489,456)	0	0
SBITA Liability		50,159	0	(50,159)	0	0
Lease Payable		116,011	0	(23,227)	92,784	24,906
Compensated Absences		2,504,734	2,725,380	(2,504,734)	2,725,380	753,167
Total Governmental Activities		\$6,160,360	\$2,725,380	(\$6,067,576)	\$2,818,164	\$778,073

A. Lease Payable

During fiscal year 2024, the District entered into a lease for copiers. Lease payments are reflected as debt service expenditures in the basic financial statements.

The leased assets were originally capitalized in the amount of \$128,830. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2025 totaled \$23,227 in the governmental funds.

The following is a schedule of the future minimum payments under the lease with the present value of the net minimum payments as of June 30, 2025:

Year Ending June 30,	Lease
2026	\$ 30,612
2027	30,612
2028	30,612
2029	12,755
Minimum Payments	104,591
Less: Amount representing interest at the District's incremental borrowing rate of interest	(11,807)
Present Value of minimum payments	\$92,784

B. Subscription Based Information Technology Arrangements

The District was in several contracts for right to use information technology software for various instructional and financial purposes. The contracts ranged from two to three years. All SBITA contracts ended in fiscal year 2025. SBITA payments are reflected as debt service expenditures in the financial statements and as functional expenditures on the budgetary statements.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2025 the District contracted with the Ohio School Plan (the "Plan") for various insurance coverages, which is in turn reinsured by a number of reinsurance companies. The Plan is (established per ORC § 2744.081) an unincorporated, nonprofit association of its members and an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs, and other administrative services. Pursuant to ORC § 2744.081, the Plan is deemed a separate legal entity for the purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan include public school districts, educational service centers, joint vocational schools, centers of government, boards of developmental disabilities, and community colleges in the state of Ohio which are eligible to participate under applicable statute, ruling, or law subject to certain underwriting standards as deemed appropriate by the Plan and its administrator. The District also obtained stand-alone cyber insurance, through the Ohio School Plan but underwritten by CFC Underwriting, Ltd. The District increased its coverage limits mid-year from \$1,000,000 of coverage to \$5,000,000 of coverage.

Coverage	Deductible	Coverage Limits
Fleet Insurance:		
Liability		\$4 mil.
Under Insured Motorist		\$1 mil.
Medical		\$5,000
Comprehensive	Busses: \$1,000	Lesser of cash
	Other: \$250	value or repair cost
Collision	Busses: \$1,000	Lesser of cash
	Other: \$500	value or repair cost
Buildings and Contents	\$1,000	\$87,114,714
School District Liability	\$2,500	\$6 mil. aggregate
		\$4 mil. per occurrence
Educational Fiduciary and Employee Benefits Liability	\$1,000	\$6 mil. aggregate
		\$4 mil. per occurrence
School Leaders Errors and Omissions	\$2,500	\$6 mil. aggregate
Employee Theft and Crime	\$1,000	\$100,000
Violent Acts		\$1 mil. aggregate
Cyber	\$25,000	\$5 mil. aggregate
	\$25,000	\$1 mil. Per incident
Pollution Liability	(\$50,000 for mold)	\$1 mil. aggregate

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 13 - RISK MANAGEMENT (Continued)

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

The District provides health care, dental, vision and life insurance coverage to its employees through the Stark County Schools' Council of Governments (Consortium) which administers a "fully-funded" health plan for its member school districts allowing a "pooling" of covered individuals and their claims. The Stark County Educational Service Center (ESC) acts as the council's fiscal agent and maintains the Council Fund. The Council contracts with a third-party plan administrator that handles the plan's claims and other administrative services (currently Medical Mutual of Ohio).

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2025*

NOTE 14 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts for capital acquisition into a reserve. Reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2025, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2024	\$0
Current Year Additions	398,514
Current Year Disbursements	(398,514)
Totals	\$0
Balance Carried Forward to FY 2026	\$0

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

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

The District is a participant in the Licking Area Computer Association (LACA), which is a regional council of governments organized under Chapter 167 of the Ohio Revised Code. LACA is an association of public school districts within the boundaries of Licking, Muskingum, Knox, Fairfield, and Perry 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.

LACA transitioned from a cooperative to a council of governments effective July 1, 2020. This transition established LACA as a separate legal entity with its own governing structure. The LACA Governing Board consists of the superintendents (or their designees) from each of the participating member school districts. The Governing Board elects from among its members a Chairperson, Vice-Chairperson, and Secretary for one-year terms. The LACA Executive Director serves as Secretary unless the Governing Board votes to appoint another member. A quorum consists of a majority of the Governing Board members.

The Governing Board employs an Executive Director and such other supervisory or administrative personnel as it deems necessary. In accordance with the LACA COG Agreement and Ohio law, the Governing Board provides for the employment of a Fiscal Officer. The fiscal officer is responsible for maintaining financial records and administering LACA's programs.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

A. Licking Area Computer Association (Continued)

The District has no equity interest in LACA, does not have an ongoing financial interest, and does not have an ongoing financial responsibility to LACA beyond its annual fees for services. The District does not have the ability to unilaterally appoint a voting majority of LACA's Governing Board. During fiscal year 2025, the District paid LACA \$248,670 for technology services provided during the year.

Complete financial statements for LACA can be obtained from the Licking County Career and Technical Education Center, Ben Streby, Treasurer, at 150 Price Road, Newark, Ohio 43055, or at www.laca.org.

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.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Stark County Schools' Council of Governments

The District participates in the Stark County Schools' Council of Governments (the "Council"), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council was established to provide health care benefits and other cooperative programs to its member school districts. The Council Agreement was last modified on April 20, 2017.

The Council is comprised of seventeen Stark County school districts, the Stark County Joint Vocational School District, and the Stark County Educational Service Center. These entities serve as the voting members of the Council. The Council is governed by a Council composed of the superintendents of each member district, which serves as the legislative body. The Council also has a Board of Directors composed of the Superintendent of the Stark County Educational Service Center (ex-officio chair), a Vice-Chairman elected for a one-year term, the Treasurer of the Fiscal Agent, and four Council representatives recommended by the Chairperson and approved by majority vote.

The Stark County Educational Service Center serves as the fiscal agent for the Council. The fiscal agent is responsible for maintaining all financial records, administering the health benefits program, and disbursing funds. The fiscal agent maintains records separately identifying each member district's contributions to the Operating Fund maintained for the health benefits program.

The District has no equity interest in the Council and no ongoing financial responsibility to provide funding to the Council beyond its annual required contribution for health insurance premiums. The District does not have any outstanding financial obligations to the Council. During fiscal year 2025, the District paid contributions to the Council for employee health, dental, vision and life insurance coverage.

Each member district's contribution is based on estimated program costs as determined by the Board of Directors with the assistance of outside consultants and actuaries. The Council maintains reserves between 20-30% of annual claims for self-insured programs. New members are required to maintain a 30% reserve of prior fiscal year claims when joining the program or contribute those reserves to the Council in order to be eligible for premium holidays. The District made its reserve contribution "buy in" during fiscal year 2024.

Members wishing to withdraw from the Council must provide one-year written notice prior to the effective date of June 30. Upon withdrawal, members are responsible for their share of run-out claims and administrative costs. The Council may terminate with a two-thirds vote of the governing bodies of member districts.

Complete financial statements for the Stark County Schools' Council of Governments can be obtained from the fiscal agent, Stark County Educational Service Center, at 2100 38th Street NW, Canton, Ohio 44709.

HEATH CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 16 – CONTINGENCIES

A. Grants

The District receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2025, 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, 2025.

NOTE 17 – OTHER COMMITMENTS

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

Governmental Funds:	
General Fund	\$93,558
Other Governmental Funds	<u>1,033,097</u>
Total Governmental Funds	<u><u>\$1,126,655</u></u>

NOTE 18 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2025 of \$74,190 in the Title VI-B Fund, \$104,293 in the Title I Fund and \$12,200 in the Drug Free School Grant 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

***R*_{REQUIRED} *S*_{SUPPLEMENTARY} *I*_{INFORMATION}**

HEATH CITY SCHOOL DISTRICT

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

State Teachers Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.06042891%	0.06160468%	0.06196745%	0.06307086%
District's proportionate share of the net pension liability	\$16,700,783	\$20,620,943	\$14,720,501	\$13,867,866
District's covered payroll	\$6,143,793	\$6,625,093	\$6,743,314	\$7,242,279
District's proportionate share of the net pension liability as a percentage of its covered payroll	271.83%	311.26%	218.30%	191.48%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	66.80%	75.30%	77.30%

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

School Employees Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.06019250%	0.06282560%	0.06279870%	0.06748890%
District's proportionate share of the net pension liability	\$3,434,642	\$4,598,254	\$3,752,084	\$3,865,214
District's covered payroll	\$1,760,425	\$1,951,129	\$2,087,236	\$2,127,704
District's proportionate share of the net pension liability as a percentage of its covered payroll	195.10%	235.67%	179.76%	181.66%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	62.98%	69.50%	71.36%

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

Notes: The District implemented GASB Statement 68 in 2015.

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.06481946%	0.06708714%	0.06986213%	0.06878693%	0.06970596%	0.07133400%
\$14,334,434	\$16,232,701	\$8,932,501	\$15,291,421	\$15,011,135	\$13,725,815
\$7,571,543	\$7,996,893	\$8,663,329	\$9,355,607	\$8,955,957	\$9,427,371
189.32%	202.99%	103.11%	163.45%	167.61%	145.60%
77.40%	75.48%	87.78%	78.88%	80.02%	82.55%
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.06594270%	0.06778990%	0.07042510%	0.07040620%	0.07138600%	0.07050850%
\$3,945,467	\$4,483,767	\$2,598,482	\$3,808,115	\$3,944,444	\$3,606,931
\$2,227,059	\$2,289,671	\$2,388,679	\$2,980,950	\$2,706,414	\$2,897,279
177.16%	195.83%	108.78%	127.75%	145.74%	124.49%
70.85%	68.55%	82.86%	75.82%	76.06%	78.52%

HEATH CITY SCHOOL DISTRICT

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

State Teachers Retirement System

Fiscal Year	2016	2017	2018	2019
Contractually required contribution	\$927,513	\$944,064	\$1,013,919	\$1,060,016
Contributions in relation to the contractually required contribution	927,513	944,064	1,013,919	1,060,016
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

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

School Employees Retirement System

Fiscal Year	2016	2017	2018	2019
Contractually required contribution	\$273,158	\$292,213	\$287,240	\$300,653
Contributions in relation to the contractually required contribution	273,158	292,213	287,240	300,653
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$1,119,565	\$1,212,866	\$1,309,785	\$1,253,834	\$1,319,832	\$1,474,658
<u>1,119,565</u>	<u>1,212,866</u>	<u>1,309,785</u>	<u>1,253,834</u>	<u>1,319,832</u>	<u>1,474,658</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,996,893	\$8,663,329	\$9,355,607	\$8,955,957	\$9,427,371	\$10,533,271
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$320,554	\$334,415	\$417,333	\$378,898	\$405,619	\$441,960
<u>320,554</u>	<u>334,415</u>	<u>417,333</u>	<u>378,898</u>	<u>405,619</u>	<u>441,960</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,289,671	\$2,388,679	\$2,980,950	\$2,706,414	\$2,897,279	\$3,156,857
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

HEATH CITY SCHOOL DISTRICT

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability (Asset)

Last Nine 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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.06481946%	0.06708714%	0.06986213%	0.06878693%	0.06970596%	0.07133400%
(\$1,073,566)	(\$1,179,055)	(\$1,472,988)	(\$1,781,122)	(\$1,355,684)	(\$1,353,069)
\$7,571,543	\$7,996,893	\$8,663,329	\$9,355,607	\$8,955,957	\$9,427,371
(14.18%)	(14.74%)	(17.00%)	(19.04%)	(15.14%)	(14.35%)
174.74%	182.13%	174.73%	230.73%	168.52%	158.00%
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.06732910%	0.07016370%	0.07230830%	0.07181930%	0.07322850%	0.07154730%
\$1,693,185	\$1,524,887	\$1,368,494	\$1,008,354	\$1,206,399	\$728,705
\$2,227,059	\$2,289,671	\$2,388,679	\$2,980,950	\$2,706,414	\$2,897,279
76.03%	66.60%	57.29%	33.83%	44.58%	25.15%
15.57%	18.17%	24.08%	30.34%	30.02%	44.50%

HEATH CITY SCHOOL DISTRICT

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

State Teachers Retirement System

	2016	2017	2018	2019
Contractually required contribution	\$0	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	0	0	0	0
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$6,625,093	\$6,743,314	\$7,242,279	\$7,571,543
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

School Employees Retirement System

	2016	2017	2018	2019
Contractually required contribution	\$29,156	\$31,528	\$45,529	\$51,063
Contributions in relation to the contractually required contribution	29,156	31,528	45,529	51,063
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$1,951,129	\$2,087,236	\$2,127,704	\$2,227,059
Contributions as a percentage of covered payroll	1.49%	1.51%	2.14%	2.29%

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$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>
\$7,996,893	\$8,663,329	\$9,355,607	\$8,955,957	\$9,427,371	\$10,533,271
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$44,215	\$45,024	\$46,027	\$52,302	\$49,706	\$56,007
44,215	45,024	46,027	52,302	49,706	56,007
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,289,671	\$2,388,679	\$2,980,950	\$2,706,414	\$2,897,279	\$3,156,857
1.93%	1.88%	1.54%	1.93%	1.72%	1.77%

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY

SERS

Changes in benefit terms – For fiscal years 2019 through 2025, there were no changes to benefit terms.

For fiscal year 2018, the following were the most significant changes in benefits that affected the total pension liability since the prior measurement date:

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

There were no changes to benefit terms for fiscal years 2016 through 2017.

Changes in assumptions

For fiscal years 2024 and 2025 there were no changes in assumptions.

For fiscal year 2023, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2022 and prior are presented below:

- Cost of living adjustment was increased from 2.00% to 2.50%.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll growth assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%
- The discount rate was reduced from 7.50% to 7.00%
- Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY (Continued)

SERS (Continued)

- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

There were no changes in assumptions for fiscal years 2016 through 2017.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY (Continued)

STRS

Changes in benefit terms – For fiscal years 2025 through 2019, there were no changes to benefit terms. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2016 through 2017.

Changes in assumptions

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Total salary increase rates were lowered to a range of 2.5 percent to 8.5 percent.
- Updated the health and disability mortality assumptions to the Pub-2010 Teachers Healthy Annuitant Mortality Table projected forward generationally using mortality improvement scale MP-2020.
- Demographic assumptions were modified to reflect the June 30, 2021 experience study.

In fiscal year 2022 the investment return was lowered from 7.45 percent to 7.00 percent. For fiscal year 2021, 2020, and 2019, there were no changes in assumptions. For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

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

There were no changes in assumptions for fiscal years 2016 to 2017, and 2024 to 2025.

NET OPEB LIABILITY (ASSET)

SERS

Changes in benefit terms – There were no changes to benefit terms for fiscal years 2025 - 2018.

Changes in assumptions

For fiscal year 2025, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

The discount rate was changed from 4.27% to 4.88%

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

For fiscal year 2024, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 4.08% to 4.27%

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 2.27% to 4.08%

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

- Mortality among disabled member was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

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

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

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

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

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

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

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

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

STRS

Changes in benefit terms

There were no changes in benefit terms for fiscal year 2025.

For fiscal year 2024 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased from 2.2% to 2.5%.

For fiscal year 2023 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

For fiscal year 2022 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

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

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

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

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

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

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

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

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.
- There were no changes to benefit terms for fiscal year 2017.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

Changes in assumptions

For fiscal year 2025 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (10.94) percent initial, 4.14 percent ultimate, to (112.22) percent initial, 3.94 percent ultimate
 - Medical Pre-Medicare – from 7.50 percent initial, 4.14 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 1.33 percent initial, 4.14 percent ultimate to (15.14) percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from (11.95) percent, 4.14 percent ultimate, to 8.00 percent initial, 3.94 percent ultimate.

For fiscal year 2024 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (68.78) percent initial, 3.94 percent ultimate, to (10.94) percent initial, 4.14 percent ultimate
 - Medical Pre-Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.50 percent initial, 4.14 percent ultimate
 - Prescription Drug Medicare – from (5.47) percent initial, 3.94 percent ultimate to 1.33 percent initial, 4.14 percent ultimate
- Prescription Drug Pre-Medicare – from 9.00 percent, 3.94 percent ultimate, to (11.95) percent initial, 4.14 percent ultimate.

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2023 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (16.18) percent initial, 4 percent ultimate, to (68.78) percent initial, 3.94 percent ultimate
 - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to (5.47) percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from 6.50 percent, 4 percent ultimate, to 9.00 initial, 3.94 percent ultimate

Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

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

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (6.69) percent to (16.18) percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 11.87 percent to 29.98 percent initial, 4 percent ultimate
- The investment return was lowered from 7.45 percent to 7.00 percent.

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

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

Prescription Drug Pre-Medicare – from 7.73 percent to 6.50 initial, 4 percent ultimate

HEATH CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

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

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

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

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

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

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.
 - There were no changes in assumptions for fiscal year 2017.



HEATH CITY SCHOOL DISTRICT

***C*OMBINING AND *I*NDIVIDUAL *F*UND
*S*TATEMENTS AND *S*CHEDULES**

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

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Severance Fund

To account for severance payments to be paid to future retirees. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.).

Student Managed Activity Fund

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

District Managed Student Activity Fund

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

(Continued)

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds (continued)

Auxiliary Services Fund

To account for monies which provide services and materials to pupils attending non-public schools within the District.

Data Communications Fund

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

Other State Grants Fund

To account for monies from state agencies which are not classified elsewhere. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

Elementary and Secondary School Emergency Relief Fund

To account for federal monies received to address the impact COVID-19 had and continues to have on elementary and secondary schools. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.).

Title VI-B Fund

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

Title III Limited English Proficiency Fund

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

Title I Fund

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

Drug Free School Grant Fund

To account for federal monies received which are used to strengthen programs that prevent the illegal use of alcohol, tobacco and drugs in and around schools.

Improving Teacher Quality Fund

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

Other Federal Grants Fund

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

HEATH CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Capital Projects Funds

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, 2025***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 692,034	\$ 1,801,701	\$ 2,493,735
Receivables:			
Taxes	0	1,460,358	1,460,358
Accounts	18,887	0	18,887
Intergovernmental	194,998	0	194,998
Inventory	19,326	0	19,326
Prepaid Items	2,200	0	2,200
Total Assets	<u>\$ 927,445</u>	<u>\$ 3,262,059</u>	<u>\$ 4,189,504</u>
Liabilities:			
Accounts Payable	\$ 2,522	\$ 275,962	\$ 278,484
Accrued Wages and Benefits	164,185	0	164,185
Intergovernmental Payable	22,050	0	22,050
Interfund Loans Payable	88,000	0	88,000
Total Liabilities	<u>276,757</u>	<u>275,962</u>	<u>552,719</u>
Deferred Inflows of Resources:			
Property Taxes	0	1,389,223	1,389,223
Unavailable Revenue	194,998	21,258	216,256
Total Deferred Inflows of Resources	<u>194,998</u>	<u>1,410,481</u>	<u>1,605,479</u>
Fund Balances:			
Nonspendable	21,526	0	21,526
Restricted	624,847	1,575,616	2,200,463
Unassigned	(190,683)	0	(190,683)
Total Fund Balances	<u>455,690</u>	<u>1,575,616</u>	<u>2,031,306</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 927,445</u>	<u>\$ 3,262,059</u>	<u>\$ 4,189,504</u>

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Local Sources:			
Taxes	\$ 0	\$ 1,440,711	\$ 1,440,711
Food Services	383,676	0	383,676
Investment Earnings	8,772	24,504	33,276
Extracurricular Activities	244,206	0	244,206
Intergovernmental - State	58,827	34,126	92,953
Intergovernmental - Federal	2,094,142	0	2,094,142
All Other Revenue	215,002	45	215,047
Total Revenue	<u>3,004,625</u>	<u>1,499,386</u>	<u>4,504,011</u>
Expenditures:			
Current:			
Instruction	671,293	228,244	899,537
Supporting Services:			
Pupils	38,323	0	38,323
Instructional Staff	62,473	0	62,473
Administration	114,739	0	114,739
Fiscal Services	0	20,940	20,940
Operation and Maintenance of Plant	34,936	51,878	86,814
Pupil Transportation	7,344	252,375	259,719
Central	0	59,497	59,497
Operation of Non-Instructional Services:			
Community Services	32,940	0	32,940
Food Service Operations	1,435,534	13,324	1,448,858
Extracurricular Activities	253,175	15,937	269,112
Capital Outlay	71,029	1,509,193	1,580,222
Principal Retirement	15,146	0	15,146
Interest and Fiscal Charges	757	0	757
Total Expenditures	<u>2,737,689</u>	<u>2,151,388</u>	<u>4,889,077</u>
Excess (Deficiency) of Revenues Over Expenditures	266,936	(652,002)	(385,066)
Other Financing Sources (Uses):			
Transfers In	0	648,528	648,528
Total Other Financing Sources (Uses)	<u>0</u>	<u>648,528</u>	<u>648,528</u>
Net Change in Fund Balance	266,936	(3,474)	263,462
Fund Balances at Beginning of Year	<u>188,754</u>	<u>1,579,090</u>	<u>1,767,844</u>
Fund Balances End of Year	<u>\$ 455,690</u>	<u>\$ 1,575,616</u>	<u>\$ 2,031,306</u>

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2025***

	Food Service	Other Grants	Student Managed Activity	District Managed Student Activity
Assets:				
Equity in Pooled Cash and Investments	\$ 508,960	\$ 4,869	\$ 59,840	\$ 63,989
Receivables:				
Accounts	18,043	0	0	844
Intergovernmental	0	0	0	0
Inventory	19,326	0	0	0
Prepaid Items	0	0	0	2,200
Total Assets	<u><u>\$ 546,329</u></u>	<u><u>\$ 4,869</u></u>	<u><u>\$ 59,840</u></u>	<u><u>\$ 67,033</u></u>
Liabilities:				
Accounts Payable	\$ 1,806	\$ 0	\$ 0	\$ 283
Accrued Wages and Benefits	60,500	0	0	854
Intergovernmental Payable	12,125	0	0	244
Interfund Loans Payable	0	0	0	0
Total Liabilities	<u>74,431</u>	<u>0</u>	<u>0</u>	<u>1,381</u>
Deferred Inflows of Resources:				
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	19,326	0	0	2,200
Restricted	452,572	4,869	59,840	63,452
Unassigned	0	0	0	0
Total Fund Balances (Deficit)	<u>471,898</u>	<u>4,869</u>	<u>59,840</u>	<u>65,652</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 546,329</u></u>	<u><u>\$ 4,869</u></u>	<u><u>\$ 59,840</u></u>	<u><u>\$ 67,033</u></u>

HEATH CITY SCHOOL DISTRICT

Auxiliary Services	Data Communication	Title VI-B	Title III Limited English Proficiency	Title I	Drug Free School Grant
\$ 339	\$ 8,761	\$ 5,955	\$ 1,277	\$ 3,507	\$ 800
0	0	0	0	0	0
0	0	48,874	0	93,531	28,355
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 339</u>	<u>\$ 8,761</u>	<u>\$ 54,829</u>	<u>\$ 1,277</u>	<u>\$ 97,038</u>	<u>\$ 29,155</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 433	\$ 0
0	0	41,505	0	61,326	0
0	0	3,640	0	6,041	0
0	0	35,000	0	40,000	13,000
<u>0</u>	<u>0</u>	<u>80,145</u>	<u>0</u>	<u>107,800</u>	<u>13,000</u>
<u>0</u>	<u>0</u>	<u>48,874</u>	<u>0</u>	<u>93,531</u>	<u>28,355</u>
<u>0</u>	<u>0</u>	<u>48,874</u>	<u>0</u>	<u>93,531</u>	<u>28,355</u>
0	0	0	0	0	0
339	8,761	0	1,277	0	0
0	0	(74,190)	0	(104,293)	(12,200)
<u>339</u>	<u>8,761</u>	<u>(74,190)</u>	<u>1,277</u>	<u>(104,293)</u>	<u>(12,200)</u>
<u>\$ 339</u>	<u>\$ 8,761</u>	<u>\$ 54,829</u>	<u>\$ 1,277</u>	<u>\$ 97,038</u>	<u>\$ 29,155</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2025

	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 0	\$ 33,737	\$ 692,034
Receivables:			
Accounts	0	0	18,887
Intergovernmental	24,238	0	194,998
Inventory	0	0	19,326
Prepaid Items	0	0	2,200
Total Assets	<u>\$ 24,238</u>	<u>\$ 33,737</u>	<u>\$ 927,445</u>
Liabilities:			
Accounts Payable	\$ 0	\$ 0	\$ 2,522
Accrued Wages and Benefits	0	0	164,185
Intergovernmental Payable	0	0	22,050
Interfund Loans Payable	0	0	88,000
Total Liabilities	<u>0</u>	<u>0</u>	<u>276,757</u>
Deferred Inflows of Resources:			
Unavailable Revenue	24,238	0	194,998
Total Deferred Inflows of Resources	<u>24,238</u>	<u>0</u>	<u>194,998</u>
Fund Balances:			
Nonspendable	0	0	21,526
Restricted	0	33,737	624,847
Unassigned	0	0	(190,683)
Total Fund Balances (Deficit)	<u>0</u>	<u>33,737</u>	<u>455,690</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,238</u>	<u>\$ 33,737</u>	<u>\$ 927,445</u>

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2025

	Food Service	Other Grants	Student Managed Activity	District Managed Student Activity
Revenues:				
Local Sources:				
Food Services	\$ 383,676	\$ 0	\$ 0	\$ 0
Investment Earnings	6,997	22	613	1,140
Extracurricular Activities	0	0	43,353	200,853
Intergovernmental - State	15,927	0	0	0
Intergovernmental - Federal	685,365	0	0	0
All Other Revenue	208,733	0	43	6,226
Total Revenue	<u>1,300,698</u>	<u>22</u>	<u>44,009</u>	<u>208,219</u>
Expenditures:				
Current:				
Instruction	0	0	0	0
Supporting Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services:				
Community Services	0	0	0	0
Food Service Operations	1,399,972	0	0	0
Extracurricular Activities	0	0	37,004	216,171
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>1,399,972</u>	<u>0</u>	<u>37,004</u>	<u>216,171</u>
Net Change in Fund Balance	(99,274)	22	7,005	(7,952)
Fund Balances at Beginning of Year	571,172	4,847	52,835	73,604
Fund Balances End of Year	<u>\$ 471,898</u>	<u>\$ 4,869</u>	<u>\$ 59,840</u>	<u>\$ 65,652</u>

(Continued)

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2025

	Auxiliary Services	Data Communication	Other State Grants	Elementary and Secondary School Emergency Relief
Revenues:				
Local Sources:				
Food Services	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	0	0
Extracurricular Activities	0	0	0	0
Intergovernmental - State	0	7,965	34,935	0
Intergovernmental - Federal	0	0	0	483,271
All Other Revenue	0	0	0	0
Total Revenue	<u>0</u>	<u>7,965</u>	<u>34,935</u>	<u>483,271</u>
Expenditures:				
Current:				
Instruction	0	0	0	0
Supporting Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	34,936	0
Pupil Transportation	0	0	7,344	0
Operation of Non-Instructional Services:				
Community Services	0	0	0	0
Food Service Operations	0	0	35,562	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	10,000	61,029
Debt Service:				
Principal Retirement	0	0	0	15,146
Interest and Fiscal Charges	0	0	0	757
Total Expenditures	<u>0</u>	<u>0</u>	<u>87,842</u>	<u>76,932</u>
Net Change in Fund Balance	0	7,965	(52,907)	406,339
Fund Balances at Beginning of Year	339	796	52,907	(406,339)
Fund Balances End of Year	<u>\$ 339</u>	<u>\$ 8,761</u>	<u>\$ 0</u>	<u>\$ 0</u>

HEATH CITY SCHOOL DISTRICT

Title VI-B	Title III Limited English Proficiency	Title I	Drug Free School Grant	Improving Teacher Quality	Other Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 383,676
0	0	0	0	0	0	8,772
0	0	0	0	0	0	244,206
0	0	0	0	0	0	58,827
396,749	721	378,514	38,632	62,473	48,417	2,094,142
0	0	0	0	0	0	215,002
396,749	721	378,514	38,632	62,473	48,417	3,004,625
232,320	0	406,344	18,461	0	14,168	671,293
26,123	0	0	12,200	0	0	38,323
0	0	0	0	62,473	0	62,473
114,739	0	0	0	0	0	114,739
0	0	0	0	0	0	34,936
0	0	0	0	0	0	7,344
21,990	0	10,950	0	0	0	32,940
0	0	0	0	0	0	1,435,534
0	0	0	0	0	0	253,175
0	0	0	0	0	0	71,029
0	0	0	0	0	0	15,146
0	0	0	0	0	0	757
395,172	0	417,294	30,661	62,473	14,168	2,737,689
1,577	721	(38,780)	7,971	0	34,249	266,936
(75,767)	556	(65,513)	(20,171)	0	(512)	188,754
\$ (74,190)	\$ 1,277	\$ (104,293)	\$ (12,200)	\$ 0	\$ 33,737	\$ 455,690

HEATH CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2025***

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 1,765,587	\$ 36,114	\$ 1,801,701
Receivables:			
Taxes	1,460,358	0	1,460,358
Total Assets	<u><u>\$ 3,225,945</u></u>	<u><u>\$ 36,114</u></u>	<u><u>\$ 3,262,059</u></u>
Liabilities:			
Accounts Payable	\$ 275,962	\$ 0	\$ 275,962
Total Liabilities	<u>275,962</u>	<u>0</u>	<u>275,962</u>
Deferred Inflows of Resources:			
Property Taxes	1,389,223	0	1,389,223
Unavailable Revenue	21,258	0	21,258
Total Deferred Inflows of Resources	<u>1,410,481</u>	<u>0</u>	<u>1,410,481</u>
Fund Balances:			
Restricted	1,539,502	36,114	1,575,616
Total Fund Balances	<u>1,539,502</u>	<u>36,114</u>	<u>1,575,616</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 3,225,945</u></u>	<u><u>\$ 36,114</u></u>	<u><u>\$ 3,262,059</u></u>

HEATH CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2025

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
Local Sources:			
Taxes	\$ 1,440,711	\$ 0	\$ 1,440,711
Investment Earnings	24,504	0	24,504
Intergovernmental - State	34,126	0	34,126
All Other Revenue	45	0	45
Total Revenue	<u>1,499,386</u>	<u>0</u>	<u>1,499,386</u>
Expenditures:			
Current:			
Instruction	228,244	0	228,244
Supporting Services:			
Fiscal Services	20,940	0	20,940
Operation and Maintenance of Plant	51,878	0	51,878
Pupil Transportation	252,375	0	252,375
Central	59,497	0	59,497
Operation of Non-Instructional Services:			
Food Service Operations	13,324	0	13,324
Extracurricular Activities	15,937	0	15,937
Capital Outlay	1,509,193	0	1,509,193
Total Expenditures	<u>2,151,388</u>	<u>0</u>	<u>2,151,388</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(652,002)	0	(652,002)
Other Financing Sources (Uses):			
Transfers In	648,528	0	648,528
Total Other Financing Sources (Uses)	<u>648,528</u>	<u>0</u>	<u>648,528</u>
Net Change in Fund Balance	(3,474)	0	(3,474)
Fund Balances at Beginning of Year	<u>1,542,976</u>	<u>36,114</u>	<u>1,579,090</u>
Fund Balances End of Year	<u><u>\$ 1,539,502</u></u>	<u><u>\$ 36,114</u></u>	<u><u>\$ 1,575,616</u></u>

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, 2025**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Taxes	\$ 921,616	\$ 921,616	\$ 0
Intergovernmental - State	148,909	148,909	0
Total Revenues	<u>1,070,525</u>	<u>1,070,525</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Fiscal Services	14,096	14,096	0
Debt Service:			
Principal Retirement	3,355,000	3,355,000	0
Interest and Fiscal Charges	50,325	50,325	0
Total Expenditures	<u>3,419,421</u>	<u>3,419,421</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,348,896)	(2,348,896)	0
Other Financing Sources (Uses):			
Transfers Out	<u>(648,528)</u>	<u>(648,528)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(648,528)</u>	<u>(648,528)</u>	<u>0</u>
Net Change in Fund Balance	(2,997,424)	(2,997,424)	0
Fund Balance at Beginning of Year	2,997,424	2,997,424	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

HEATH CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Fund – Capital Projects Fund
For the Fiscal Year Ended June 30, 2025**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers In	11,800,000	11,800,000	0
Total Other Financing Sources (Uses)	11,800,000	11,800,000	0
Net Change in Fund Balance	11,800,000	11,800,000	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 11,800,000	\$ 11,800,000	\$ 0

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, 2025

FOOD SERVICE FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Food Services	\$ 383,186	\$ 383,676	\$ 490
Investment Earnings	6,865	6,997	132
Intergovernmental - State	16,008	15,927	(81)
Intergovernmental - Federal	594,523	594,436	(87)
All Other Revenues	158,586	190,690	32,104
Total Revenues	1,159,168	1,191,726	32,558
Expenditures:			
Current:			
Support Services:			
Central	80	0	80
Non-Instructional Services:			
Food Services	1,314,884	1,313,690	1,194
Total Expenditures	1,314,964	1,313,690	1,274
Excess (Deficiency) of Revenues Over (Under) Expenditures	(155,796)	(121,964)	33,832
Other Financing Sources (Uses):			
Transfers Out	(6)	0	6
Total Other Financing Sources (Uses)	(6)	0	6
Net Change in Fund Balance	(155,802)	(121,964)	33,838
Fund Balance at Beginning of Year	589,819	589,819	0
Prior Year Encumbrances	35,805	35,805	0
Fund Balance at End of Year	\$ 469,822	\$ 503,660	\$ 33,838

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, 2025***

UNIFORM SCHOOL SUPPLY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 1,487	\$ 1,588	\$ 101
Class Material and Fees	53,560	54,121	561
Total Revenues	55,047	55,709	662
Expenditures:			
Current:			
Instruction	54,999	54,849	150
Support Services:			
Central	6,950	6,838	112
Total Expenditures	61,949	61,687	262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,902)	(5,978)	924
Other Financing Sources (Uses):			
Transfers In	10,141	9,929	(212)
Total Other Financing Sources (Uses)	10,141	9,929	(212)
Net Change in Fund Balance	3,239	3,951	712
Fund Balance at Beginning of Year	118,480	118,480	0
Fund Balance at End of Year	\$ 121,719	\$ 122,431	\$ 712

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, 2025**

ROTARY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 100	\$ 51	\$ (49)
All Other Revenues	986	986	0
Total Revenues	1,086	1,037	(49)
Expenditures:			
Current:			
Instruction	42	0	42
Support Services:			
Pupils	1,278	1,150	128
Total Expenditures	1,320	1,150	170
Excess (Deficiency) of Revenues Over (Under) Expenditures	(234)	(113)	121
Fund Balance at Beginning of Year	8,287	8,287	0
Fund Balance at End of Year	\$ 8,053	\$ 8,174	\$ 121

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, 2025***

PUBLIC SCHOOL SUPPORT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 1,200	\$ 1,233	\$ 33
All Other Revenues	23,699	23,354	(345)
Total Revenues	<u>24,899</u>	<u>24,587</u>	<u>(312)</u>
Expenditures:			
Current:			
Instruction	3,061	2,790	271
Support Services:			
Pupils	2,571	2,530	41
Administration	3,882	3,735	147
Central	5,000	4,978	22
Extracurricular Activities	84,284	84,127	157
Total Expenditures	<u>98,798</u>	<u>98,160</u>	<u>638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,899)	(73,573)	326
Other Financing Sources (Uses):			
Transfers In	2,312	0	(2,312)
Transfers Out	(2,312)	0	2,312
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(73,899)	(73,573)	326
Fund Balance at Beginning of Year	201,747	201,747	0
Prior Year Encumbrances	1,935	1,935	0
Fund Balance at End of Year	<u>\$ 129,783</u>	<u>\$ 130,109</u>	<u>\$ 326</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, 2025***

OTHER GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 100	\$ 22	\$ (78)
Total Revenues	100	22	(78)
Expenditures:			
Current:			
Support Services:			
Pupils	40	0	40
Total Expenditures	40	0	40
Excess (Deficiency) of Revenues Over (Under) Expenditures	60	22	(38)
Fund Balance at Beginning of Year	4,847	4,847	0
Fund Balance at End of Year	\$ 4,907	\$ 4,869	\$ (38)

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, 2025**

SEVERANCE FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Current:			
Support Services:			
Board of Education	14,400	14,360	40
Total Expenditures	14,400	14,360	40
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,400)	(14,360)	40
Other Financing Sources (Uses):			
Transfers In	1,000,000	1,000,000	0
Total Other Financing Sources (Uses)	1,000,000	1,000,000	0
Net Change in Fund Balance	985,600	985,640	40
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 985,600	\$ 985,640	\$ 40

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, 2025***

STUDENT MANAGED ACTIVITY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 722	\$ 613	\$ (109)
Extracurricular Activities	43,657	43,353	(304)
All Other Revenues	43	43	0
Total Revenues	<u>44,422</u>	<u>44,009</u>	<u>(413)</u>
Expenditures:			
Current:			
Extracurricular Activities	<u>38,333</u>	<u>37,390</u>	<u>943</u>
Total Expenditures	<u>38,333</u>	<u>37,390</u>	<u>943</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,089	6,619	530
Other Financing Sources (Uses):			
Transfers In	2,608	0	(2,608)
Transfers Out	<u>(2,608)</u>	<u>0</u>	<u>2,608</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	6,089	6,619	530
Fund Balance at Beginning of Year	52,075	52,075	0
Prior Year Encumbrances	1,146	1,146	0
Fund Balance at End of Year	<u>\$ 59,310</u>	<u>\$ 59,840</u>	<u>\$ 530</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, 2025

DISTRICT MANAGED STUDENT ACTIVITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Investment Earnings	\$ 1,087	\$ 1,140	\$ 53
Extracurricular Activities	176,581	200,009	23,428
All Other Revenues	14,101	14,101	0
Total Revenues	191,769	215,250	23,481
Expenditures:			
Current:			
Support Services:			
Central	80	0	80
Extracurricular Activities	223,972	222,023	1,949
Total Expenditures	224,052	222,023	2,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,283)	(6,773)	25,510
Fund Balance at Beginning of Year	69,191	69,191	0
Prior Year Encumbrances	1,571	1,571	0
Fund Balance at End of Year	\$ 38,479	\$ 63,989	\$ 25,510

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, 2025***

AUXILIARY SERVICES FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	339	339	0
Fund Balance at End of Year	<u>\$ 339</u>	<u>\$ 339</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, 2025**

DATA COMMUNICATIONS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 8,000	\$ 7,965	\$ (35)
Total Revenues	8,000	7,965	(35)
Expenditures:			
Current:			
Support Services:			
Central	161	0	161
Total Expenditures	161	0	161
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,839	7,965	126
Fund Balance at Beginning of Year	796	796	0
Fund Balance at End of Year	\$ 8,635	\$ 8,761	\$ 126

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, 2025***

OTHER STATE GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 34,998	\$ 34,935	\$ (63)
Total Revenues	<u>34,998</u>	<u>34,935</u>	<u>(63)</u>
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant	34,936	34,936	0
Pupil Transportation	7,344	7,344	0
Non-Instructional Services:			
Food Services	35,562	35,562	0
Capital Outlay	10,000	10,000	0
Total Expenditures	<u>87,842</u>	<u>87,842</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,844)	(52,907)	(63)
Other Financing Sources (Uses):			
Advances Out	(60,000)	(60,000)	0
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>0</u>
Net Change in Fund Balance	(112,844)	(112,907)	(63)
Fund Balance at Beginning of Year	67,345	67,345	0
Prior Year Encumbrances	45,562	45,562	0
Fund Balance at End of Year	<u>\$ 63</u>	<u>\$ 0</u>	<u>\$ (63)</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, 2025**

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 483,271	\$ 483,271	\$ 0
Total Revenues	483,271	483,271	0
Expenditures:			
Capital Outlay	465,657	465,657	0
Total Expenditures	465,657	465,657	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,614	17,614	0
Other Financing Sources (Uses):			
Advances Out	(485,000)	(485,000)	0
Total Other Financing Sources (Uses)	(485,000)	(485,000)	0
Net Change in Fund Balance	(467,386)	(467,386)	0
Fund Balance at Beginning of Year	1,729	1,729	0
Prior Year Encumbrances	465,657	465,657	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

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, 2025

TITLE VI-B FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 396,814	\$ 396,749	\$ (65)
Total Revenues	<u>396,814</u>	<u>396,749</u>	<u>(65)</u>
Expenditures:			
Current:			
Instruction	245,113	245,113	0
Support Services:			
Pupils	26,661	26,568	93
Administration	117,260	117,260	0
Non-Instructional Services:			
Community Services	23,473	23,390	83
Total Expenditures	<u>412,507</u>	<u>412,331</u>	<u>176</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,693)	(15,582)	111
Other Financing Sources (Uses):			
Advances In	35,000	35,000	0
Advances Out	(25,000)	(25,000)	0
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Net Change in Fund Balance	(5,693)	(5,582)	111
Fund Balance at Beginning of Year	2,006	2,006	0
Prior Year Encumbrances	8,131	8,131	0
Fund Balance at End of Year	<u>\$ 4,444</u>	<u>\$ 4,555</u>	<u>\$ 111</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, 2025***

TITLE III LIMITED ENGLISH PROFICIENCY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 721	\$ 721	\$ 0
Total Revenues	721	721	0
Expenditures:			
Current:			
Instruction	56	0	56
Total Expenditures	56	0	56
Excess (Deficiency) of Revenues Over (Under) Expenditures	665	721	56
Fund Balance at Beginning of Year	556	556	0
Fund Balance at End of Year	\$ 1,221	\$ 1,277	\$ 56

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, 2025**

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental - Federal	\$ 378,571	\$ 378,514	\$ (57)
Total Revenues	378,571	378,514	(57)
Expenditures:			
Current:			
Instruction	391,526	391,515	11
Non-Instructional Services:			
Community Services	11,758	11,700	58
Total Expenditures	403,284	403,215	69
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,713)	(24,701)	12
Other Financing Sources (Uses):			
Advances In	40,000	40,000	0
Advances Out	(15,000)	(15,000)	0
Total Other Financing Sources (Uses)	25,000	25,000	0
Net Change in Fund Balance	287	299	12
Fund Balance at Beginning of Year	2,025	2,025	0
Fund Balance at End of Year	\$ 2,312	\$ 2,324	\$ 12

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, 2025***

DRUG FREE SCHOOL GRANT FUND			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - Federal	<u>\$ 38,637</u>	<u>\$ 38,632</u>	<u>\$ (5)</u>
Total Revenues	<u>38,637</u>	<u>38,632</u>	<u>(5)</u>
Expenditures:			
Current:			
Instruction	24,165	24,165	0
Support Services:			
Pupils	<u>12,200</u>	<u>12,200</u>	<u>0</u>
Total Expenditures	<u>36,365</u>	<u>36,365</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,272	2,267	(5)
Other Financing Sources (Uses):			
Advances In	13,000	13,000	0
Advances Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>
Net Change in Fund Balance	272	267	(5)
Fund Balance at Beginning of Year	<u>533</u>	<u>533</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 805</u></u>	<u><u>\$ 800</u></u>	<u><u>\$ (5)</u></u>

HEATH CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2025**

IMPROVING TEACHER QUALITY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Intergovernmental - Federal	\$ 70,305	\$ 70,220	\$ (85)
Total Revenues	70,305	70,220	(85)
Expenditures:			
Current:			
Support Services:			
Instructional Staff	62,511	62,473	38
Non-Instructional Services:			
Community Services	47	0	47
Total Expenditures	62,558	62,473	85
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,747	7,747	0
Fund Balance at Beginning of Year	(7,747)	(7,747)	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

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, 2025

OTHER FEDERAL GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 48,461	\$ 48,417	\$ (44)
Total Revenues	48,461	48,417	(44)
Expenditures:			
Current:			
Instruction	14,212	14,168	44
Support Services:			
Instructional Staff	76	0	76
Capital Outlay	11,873	11,873	0
Total Expenditures	26,161	26,041	120
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,300	22,376	76
Other Financing Sources (Uses):			
Advances Out	(1,500)	(1,500)	0
Total Other Financing Sources (Uses)	(1,500)	(1,500)	0
Net Change in Fund Balance	20,800	20,876	76
Fund Balance at Beginning of Year	12,861	12,861	0
Fund Balance at End of Year	\$ 33,661	\$ 33,737	\$ 76

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, 2025***

PERMANENT IMPROVEMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Local Sources:			
Taxes	\$ 1,439,048	\$ 1,438,810	\$ (238)
Investment Earnings	23,984	24,504	520
Intergovernmental - State	34,242	34,126	(116)
All Other Revenues	20	45	25
Total Revenues	<u>1,497,294</u>	<u>1,497,485</u>	<u>191</u>
Expenditures:			
Current:			
Instruction	244,500	244,405	95
Support Services:			
Fiscal Services	20,974	20,940	34
Operation and Maintenance of Plant	53,200	53,112	88
Pupil Transportation	252,500	252,375	125
Central	59,720	59,497	223
Non-Instructional Services:			
Food Services	13,324	13,324	0
Extracurricular Activities	63,300	63,234	66
Capital Outlay	2,293,760	2,293,448	312
Total Expenditures	<u>3,001,278</u>	<u>3,000,335</u>	<u>943</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,503,984)	(1,502,850)	1,134
Other Financing Sources (Uses):			
Transfers In	748,528	748,528	0
Transfers Out	(100,112)	(100,000)	112
Total Other Financing Sources (Uses)	<u>648,416</u>	<u>648,528</u>	<u>112</u>
Net Change in Fund Balance	(855,568)	(854,322)	1,246
Fund Balance at Beginning of Year	692,649	692,649	0
Prior Year Encumbrances	902,046	902,046	0
Fund Balance at End of Year	<u>\$ 739,127</u>	<u>\$ 740,373</u>	<u>\$ 1,246</u>

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, 2025***

BUILDING FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	36,114	36,114	0
Fund Balance at End of Year	\$ 36,114	\$ 36,114	\$ 0



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
Revenue Capacity	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.	
Debt Capacity	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.	
Economic and Demographic Information	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.	
Operating Information	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.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

Heath City School District

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

	2016	2017	2018	2019
Governmental Activities:		*		
Net Investment in Capital Assets	\$1,387,709	\$1,638,635	\$2,116,344	\$2,516,261
Restricted for:				
Capital Projects	560,592	589,014	679,363	737,612
Debt Service	1,237,784	998,467	1,395,292	1,442,042
Statutory Purposes	81,982	95,543	56,396	111,260
Federal and State Grant Programs	77,319	48,913	35,836	38,835
OPEB	0	0	0	0
Unrestricted	(17,112,694)	(20,943,208)	(11,282,637)	(8,799,138)
Total Governmental Activities Net Position	<u>(\$13,767,308)</u>	<u>(\$17,572,636)</u>	<u>(\$6,999,406)</u>	<u>(\$3,953,128)</u>
Primary Government:				
Net Investment in Capital Assets	\$1,387,709	\$1,638,635	\$2,116,344	\$2,516,261
Restricted	1,957,677	1,731,937	2,166,887	2,329,749
Unrestricted	(17,112,694)	(20,943,208)	(11,282,637)	(8,799,138)
Total Primary Government Net Position	<u>(\$13,767,308)</u>	<u>(\$17,572,636)</u>	<u>(\$6,999,406)</u>	<u>(\$3,953,128)</u>

* Restated

Amounts for 2025 are presented in accordance with GASB Statement No. 101, while amounts for 2024 are presented in accordance with previous guidance. See Note 2 to the basic financial statements for details.

Source: District Treasurer's Office

Heath City School District

2020	2021	2022	2023	2024	2025
*					
\$3,646,520	\$3,920,842	\$5,738,539	\$6,827,610	\$9,328,463	\$15,546,270
531,613	416,777	708,011	1,339,555	1,351,950	1,596,874
1,682,531	1,948,331	1,552,448	2,340,275	3,080,380	0
145,630	157,228	577,431	666,273	666,425	450,166
114,485	190,853	25,962	58,044	84,720	52,959
0	0	0	404,757	1,355,684	1,353,069
(7,962,634)	(7,176,162)	(3,981,882)	(2,099,534)	(863,441)	(125,784)
(\$1,841,855)	(\$542,131)	\$4,620,509	\$9,536,980	\$15,004,181	\$18,873,554
\$3,646,520	\$3,920,842	\$5,738,539	\$6,827,610	\$9,328,463	\$15,546,270
2,474,259	2,713,189	2,863,852	4,808,904	6,539,159	3,453,068
(7,962,634)	(7,176,162)	(3,981,882)	(2,099,534)	(863,441)	(125,784)
(\$1,841,855)	(\$542,131)	\$4,620,509	\$9,536,980	\$15,004,181	\$18,873,554

Heath City School District

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

	2016	2017	2018	2019
Expenses				
Governmental Activities:				
Instruction	\$11,220,535	\$11,477,367	\$5,716,009	\$10,521,710
Support Services:				
Pupils	640,770	705,634	522,576	874,557
Instructional Staff	325,261	381,955	486,743	706,334
Board of Education	248,574	329,525	63,368	106,787
Administration	1,748,840	1,673,351	1,094,581	1,485,126
Fiscal Services	466,731	636,550	605,510	732,416
Business	28,922	13,562	17,892	16,137
Operation and Maintenance of Plant	1,909,197	1,838,229	1,598,068	1,933,978
Pupil Transportation	643,460	654,868	628,413	757,602
Central	347,036	403,385	240,897	265,375
Operation of Non-Instructional Services				
Community Services	4,416	0	0	0
Food Service Operations	653,795	727,620	724,156	923,351
Extracurricular Activities	616,176	793,082	424,403	849,040
Interest and Fiscal Charges	544,983	474,616	464,897	441,336
<i>Total Primary Government Expenses</i>	<u>\$19,398,696</u>	<u>\$20,109,744</u>	<u>\$12,587,513</u>	<u>\$19,613,749</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$1,037,209	\$1,219,571	\$1,484,917	\$1,823,216
Support Services:				
Pupils	55,620	60,990	51,269	83,483
Operation of Non-Instructional Services				
Food Service Operations	198,299	235,209	264,402	437,187
Extracurricular Activities	130,864	148,799	134,362	147,118
Operating Grants and Contributions	1,123,022	1,229,537	1,185,904	1,301,886
Capital Grants and Contributions	0	0	0	0
<i>Total Governmental Activities</i>	<u>2,545,014</u>	<u>2,894,106</u>	<u>3,120,854</u>	<u>3,792,890</u>
<i>Program Revenues</i>	<u>2,545,014</u>	<u>2,894,106</u>	<u>3,120,854</u>	<u>3,792,890</u>

Heath City School District

2020	2021	2022	2023	2024	2025
\$13,103,894	\$14,273,518	\$11,861,518	\$13,689,044	\$13,689,690	\$14,050,656
1,214,501	1,308,266	985,786	1,147,042	1,166,802	1,245,480
846,060	967,695	1,008,534	1,062,785	917,208	1,052,692
138,228	156,391	190,806	191,751	1,325,617	108,403
1,730,240	1,924,020	1,727,130	2,182,115	2,386,641	2,421,641
718,154	705,579	714,725	813,554	827,472	883,654
11,926	16,334	10,044	9,588	16,748	23,638
1,736,633	1,706,530	1,516,664	1,773,034	1,777,447	2,026,951
815,607	786,334	852,824	1,102,681	1,053,701	1,313,089
409,538	419,302	357,395	451,713	443,349	508,087
0	0	19,205	12,687	40,093	32,940
911,863	970,484	1,092,736	1,272,040	1,290,266	1,474,450
995,357	1,000,564	998,401	1,002,833	1,030,732	1,125,356
348,477	246,193	171,720	88,666	52,715	0
<u>\$22,980,478</u>	<u>\$24,481,210</u>	<u>\$21,507,488</u>	<u>\$24,799,533</u>	<u>\$26,018,481</u>	<u>\$26,267,037</u>
\$2,145,424	\$2,235,092	\$345,358	\$402,377	\$620,785	\$628,974
44,423	0	0	0	0	0
371,107	169,945	123,033	488,027	440,636	383,676
123,855	130,079	178,394	208,382	238,186	244,206
1,635,333	2,492,212	3,512,408	3,248,796	3,148,229	2,162,256
837,500	41,088	14,914	141,259	0	0
<u>5,157,642</u>	<u>5,068,416</u>	<u>4,174,107</u>	<u>4,488,841</u>	<u>4,447,836</u>	<u>3,419,112</u>

(Continued)

Heath City School District

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

	2016	2017	2018	2019
Net (Expense)/Revenue				
Governmental Activities	(16,853,682)	(17,215,638)	(9,466,659)	(15,820,859)
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	<u>(\$16,853,682)</u>	<u>(\$17,215,638)</u>	<u>(\$9,466,659)</u>	<u>(\$15,820,859)</u>
 General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$9,279,815	\$9,239,268	\$10,485,484	\$8,964,782
Debt Service	1,343,433	1,150,316	1,359,339	1,206,282
Capital Outlay	196,007	192,177	211,594	183,116
Grants and Entitlements not				
Restricted to Specific Programs	7,371,309	7,435,029	7,643,707	7,709,959
Investment Earnings	29,265	65,859	119,740	309,956
Miscellaneous	529,416	388,805	220,025	493,042
<i>Total Primary Government</i>	<u>\$18,749,245</u>	<u>\$18,471,454</u>	<u>\$20,039,889</u>	<u>\$18,867,137</u>
 Change in Net Position				
Governmental Activities	1,895,563	1,255,816	10,573,230	3,046,278
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u>\$1,895,563</u>	<u>\$1,255,816</u>	<u>\$10,573,230</u>	<u>\$3,046,278</u>

Source: District Treasurer's Office

Heath City School District

2020	2021	2022	2023	2024	2025
(17,822,836)	(19,412,794)	(17,333,381)	(20,310,692)	(21,570,645)	(22,847,925)
<u>(\$17,822,836)</u>	<u>(\$19,412,794)</u>	<u>(\$17,333,381)</u>	<u>(\$20,310,692)</u>	<u>(\$21,570,645)</u>	<u>(\$22,847,925)</u>
\$10,333,478	\$10,246,008	\$10,561,802	\$12,027,552	\$10,861,392	\$12,825,599
1,399,048	1,422,031	1,491,674	1,727,412	1,661,614	830,272
211,811	893,830	1,327,835	1,507,875	1,206,741	1,434,495
7,392,727	7,737,617	8,715,419	9,041,805	10,035,677	9,506,014
377,228	14,794	(83,040)	432,989	938,252	999,167
167,854	398,238	482,331	489,530	361,519	453,120
<u>\$19,882,146</u>	<u>\$20,712,518</u>	<u>\$22,496,021</u>	<u>\$25,227,163</u>	<u>\$25,065,195</u>	<u>\$26,048,667</u>
2,059,310	1,299,724	5,162,640	4,916,471	3,494,550	3,200,742
<u>\$2,059,310</u>	<u>\$1,299,724</u>	<u>\$5,162,640</u>	<u>\$4,916,471</u>	<u>\$3,494,550</u>	<u>\$3,200,742</u>

Heath City School District

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

	2016	2017	2018	2019
General Fund				
Nonspendable	\$27,763	\$29,944	\$0	\$228,193
Committed	0	0	0	0
Assigned	261,619	175,101	531,080	682,787
Unassigned	4,221,923	6,021,754	8,355,313	8,524,927
<i>Total General Fund</i>	<u>4,511,305</u>	<u>6,226,799</u>	<u>8,886,393</u>	<u>9,435,907</u>
 All Other Governmental Funds				
Nonspendable	17,200	33,000	49,849	74,707
Restricted	1,949,189	1,695,240	2,128,484	2,288,854
Committed	0	0	0	0
Unassigned	0	(53,802)	(25,226)	(47,486)
<i>Total All Other Governmental Funds</i>	<u>1,966,389</u>	<u>1,674,438</u>	<u>2,153,107</u>	<u>2,316,075</u>
<i>Total Governmental Funds</i>	<u><u>\$6,477,694</u></u>	<u><u>\$7,901,237</u></u>	<u><u>\$11,039,500</u></u>	<u><u>\$11,751,982</u></u>

* Restated

Source: District Treasurer's Office

Heath City School District

2020	2021	2022	2023	2024	2025
*					
\$232,672	\$230,870	\$402,785	\$162,023	\$66,507	\$71,306
248,247	248,247	249,847	249,847	0	985,640
829,605	211,104	153,374	506,046	424,615	1,715,477
9,923,795	11,997,691	13,789,976	16,392,839	17,736,797	4,686,071
11,234,319	12,687,912	14,595,982	17,310,755	18,227,919	7,458,494
84,710	68,857	90,689	60,841	26,627	21,526
2,394,769	2,661,616	2,821,496	4,319,894	5,365,025	2,200,463
0	0	0	0	0	11,800,000
(121,742)	(310,463)	(501,029)	(356,342)	(568,302)	(190,683)
2,357,737	2,420,010	2,411,156	4,024,393	4,823,350	13,831,306
\$13,592,056	\$15,107,922	\$17,007,138	\$21,335,148	\$23,051,269	\$21,289,800

Heath City School District

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

	2016	2017	2018	2019
Revenues:				
Local Sources:				
Taxes	\$10,830,906	\$10,637,252	\$12,058,474	\$10,332,895
Tuition	979,931	1,161,902	1,425,622	1,743,264
Food Service	198,299	235,209	264,402	437,187
Investment Earnings	28,683	62,562	112,336	301,643
Extracurricular Activities	130,864	148,799	134,362	147,118
Class Materials and Fees	56,246	57,169	59,295	65,452
Intermediate Sources	0	0	0	0
Intergovernmental - State	7,435,863	7,556,848	7,754,127	7,840,232
Intergovernmental - Federal	1,040,547	1,037,083	1,134,337	1,175,567
All Other Revenue	585,668	450,295	261,294	591,025
Total Revenue	21,287,007	21,347,119	23,204,249	22,634,383
Expenditures:				
Current:				
Instruction	10,839,935	10,872,530	11,090,703	11,414,377
Supporting Services:				
Pupils	625,555	657,412	644,394	918,782
Instructional Staff	305,817	321,093	581,614	694,798
Board of Education	248,574	329,525	63,368	106,787
Administration	1,726,393	1,516,556	1,703,790	1,535,711
Fiscal Services	514,527	601,325	629,735	692,595
Business	28,922	13,562	17,892	16,137
Operation and Maintenance of Plant	1,677,527	1,570,171	1,575,075	1,830,963
Pupil Transportation	607,345	554,295	652,338	705,637
Central	344,887	408,367	246,830	296,739
Operation of Non-Instructional Services				
Community Services	4,416	0	0	0
Food Service Operations	603,909	699,024	709,644	869,190
Extracurricular Activities	460,474	591,781	631,697	751,048
Capital Outlay	308,295	646,597	173,287	725,296
Debt Service:				
Principal Retirement	1,073,448	1,135,286	1,063,627	1,182,351
Interest and Fiscal Charges	437,664	331,426	295,132	276,662
Total Expenditures	19,807,688	20,248,950	20,079,126	22,017,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,479,319	1,098,169	3,125,123	617,310

Heath City School District

2020	2021	2022	2023	2024	2025
\$11,956,798	\$12,607,475	\$13,375,342	\$15,231,630	\$13,523,564	\$15,193,913
2,047,087	2,130,956	266,356	326,962	552,166	555,620
371,107	169,945	123,033	488,027	440,636	383,676
371,613	16,045	(76,028)	432,989	938,252	999,167
123,855	130,079	178,394	208,382	238,186	244,206
77,337	76,136	77,487	73,900	67,104	58,339
0	0	0	4,753	37,089	0
7,825,680	8,117,211	9,157,641	9,559,839	10,600,094	9,973,046
1,097,468	2,059,005	3,127,331	2,721,173	2,292,033	2,094,142
233,277	426,238	483,846	491,045	363,034	299,229
24,104,222	25,733,090	26,713,402	29,538,700	29,052,158	29,801,338

11,902,325	12,909,964	11,871,679	12,729,195	13,155,419	14,199,950
1,113,697	1,215,662	1,006,031	1,098,243	1,173,497	1,254,784
757,647	896,946	1,052,264	1,013,223	905,649	1,124,821
138,228	156,391	190,806	191,751	1,326,632	107,070
1,541,750	1,760,729	1,848,549	2,055,501	2,337,556	2,553,359
658,746	670,902	767,749	823,316	856,074	933,587
11,926	16,334	10,044	9,588	16,748	23,638
1,522,193	1,545,663	1,554,574	1,735,710	1,734,311	2,026,524
734,678	768,250	946,204	1,048,780	967,081	1,234,073
389,984	407,470	368,160	462,425	440,686	502,002
0	0	19,205	12,687	40,093	32,940
873,348	949,218	1,197,014	1,249,451	1,273,521	1,449,730
778,300	707,012	818,569	789,396	885,258	1,054,347
735,489	769,544	1,040,851	918,800	1,111,136	1,580,222
1,160,378	1,168,472	1,870,000	1,060,004	1,115,323	3,428,386
271,592	266,980	252,487	165,608	129,383	60,217
22,590,281	24,209,537	24,814,186	25,363,678	27,468,367	31,565,650

1,513,941 1,523,553 1,899,216 4,175,022 1,583,791 (1,764,312)
(Continued)

Heath City School District

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

	2016	2017	2018	2019
Other Financing Sources (Uses):				
Sale of Capital Assets	400	3,000	2,000	0
Insurance Proceeds	0	0	0	89,200
Refunding General Obligation Bonds Issued	7,340,000	0	0	0
Premium on General				
Obligation Refunding Bond	493,000	0	0	0
Payment to Refunded Bond Escrow Agent	(7,688,354)	0	0	0
Other Financing Sources - Leases	0	325,526	8,820	0
Other Financing Sources - SBITA	0	0	0	0
Transfers In	0	101,150	128,825	0
Transfers Out	0	(101,150)	(128,825)	0
Total Other Financing Sources (Uses)	<u>145,046</u>	<u>328,526</u>	<u>10,820</u>	<u>89,200</u>
Net Change in Fund Balance	<u><u>\$1,624,365</u></u>	<u><u>\$1,426,695</u></u>	<u><u>\$3,135,943</u></u>	<u><u>\$706,510</u></u>
 Debt Service as a Percentage of Noncapital Expenditures	 7.70%	 7.43%	 6.83%	 6.88%

Source: District Treasurer's Office

Heath City School District

2020	2021	2022	2023	2024	2025
0	0	0	321	3,500	2,843
18,100	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	128,830	0
0	0	0	152,667	0	0
276,806	80,000	0	0	0	12,448,528
(28,559)	(80,000)	0	0	0	(12,448,528)
266,347	0	0	152,988	132,330	2,843
<u>\$1,780,288</u>	<u>\$1,523,553</u>	<u>\$1,899,216</u>	<u>\$4,328,010</u>	<u>\$1,716,121</u>	<u>(\$1,761,469)</u>
6.57%	6.16%	8.88%	5.03%	4.71%	11.81%

Heath City School District

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

Tax year	2015	2016	2017	2018
			*	
Real Property				
Assessed	\$234,500,020	\$236,501,406	\$259,175,790	\$259,850,293
Actual	670,000,057	675,718,303	740,502,257	742,429,409
Public Utility				
Assessed	9,434,090	11,761,470	12,215,810	18,044,810
Actual	9,434,090	11,761,470	12,215,810	18,044,810
Total				
Assessed	243,934,110	248,262,876	271,391,600	277,895,103
Actual	679,434,147	687,479,773	752,718,067	760,474,219
Assessed Value as a Percentage of Actual Value	35.90%	36.11%	36.05%	36.54%
Total Direct Tax Rate	\$64.30	\$63.30	\$62.60	\$62.60

Source: Licking County Auditor

* Reappraisal

** Update

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

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

Heath City School District

2019	2020	2021	2022	2023	2024
	**			*	
\$261,638,294	\$285,512,290	\$284,452,507	\$292,013,408	\$398,254,949	\$404,984,916
747,537,983	815,749,400	812,721,449	834,324,023	1,137,871,283	1,157,099,760
20,431,940	22,460,320	27,433,120	25,958,510	27,986,370	30,444,480
20,431,940	22,460,320	27,433,120	25,958,510	27,986,370	30,444,480
282,070,234	307,972,610	311,885,627	317,971,918	426,241,319	435,429,396
767,969,923	838,209,720	840,154,569	860,282,533	1,165,857,653	1,187,544,240
36.73%	36.74%	37.12%	36.96%	36.56%	36.67%
\$62.00	\$64.80	\$64.40	\$64.10	\$60.30	\$54.90

Heath City School District

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Direct District Rates				
General Fund	57.80	57.20	56.10	56.10
Bond Retirement Fund	5.30	4.90	5.30	5.30
Permanent Improvement Fund	1.20	1.20	1.20	1.20
Total	<u>64.30</u>	<u>63.30</u>	<u>62.60</u>	<u>62.60</u>
Overlapping Rates				
City of Heath	6.40	6.40	6.40	6.40
Career and Technical Education Center	2.58	2.57	2.55	2.55
Licking County	8.00	8.00	9.50	9.50
Licking County Library	1.00	1.00	1.00	1.00
Licking County Park District	0.25	0.25	0.25	0.25

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

Source:

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

Heath City School District

2019	2020	2021	2022	2023	2024
55.50	54.30	53.90	53.60	49.80	49.70
5.30	5.30	5.30	5.30	5.30	0.00
1.20	5.20	5.20	5.20	5.20	5.20
62.00	64.80	64.40	64.10	60.30	54.90
6.40	6.40	6.40	6.40	6.40	6.40
2.55	2.50	2.50	2.50	2.00	2.00
9.50	9.50	9.50	8.40	8.40	8.60
1.00	1.00	1.00	1.00	1.00	1.00
0.25	0.25	0.25	0.38	0.38	0.38



Heath City School District

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

		Calendar Year 2024		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power Company	Utility Company - Electric	\$18,399,510	1	4.23%
Southgate SC LLC ET AL	Shopping Center	6,994,540	2	1.61%
Quest Heathwood Village LLC	Apartments	6,391,670	3	1.47%
AEP Ohio Transmission Co, Inc.	Utility Company - Electric	6,240,560	4	1.43%
Glenwood Apartments, LLC	Apartments	5,124,000	5	1.18%
Wal-Mart Real Estate Business Trust	Retail Store	4,375,000	6	1.00%
Cross Creek Limited Partnership	Real Estate	4,113,590	7	0.94%
KIM-TAM US Limited	Packaging Manufacturer	3,953,740	8	0.91%
JLH Realty LLC	Real Estate	3,669,990	9	0.84%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	3,514,530	10	0.81%
Subtotal		62,777,130		14.42%
All Others		372,652,266		85.58%
Total		\$435,429,396		100.00%
		Calendar Year 2015		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Glimcher Properties Limited Partnership	Development	\$8,967,740	1	3.68%
Ohio Power Company	Utility Company - Electric	6,817,610	2	2.79%
Southgate Association Limited Partnership	Shopping Center	5,483,800	3	2.25%
Cross Creek Limited Partnership	Shopping Center	2,915,120	4	1.20%
Wal*Mart Stores, Inc.	Retail Store	2,912,710	5	1.19%
Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,640,190	6	1.08%
Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,595,150	7	1.06%
H&D Holding Company	Development	2,332,260	8	0.96%
Quest Heathwood Village LLC	Apartments	2,233,920	9	0.92%
Inland Western Heath Southgate LLC	Shopping Center	2,169,410	10	0.89%
Subtotal		39,067,910		16.02%
All Others		204,866,200		83.98%
Total		\$243,934,110		100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2024 and 2015

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

Collection Year	2015	2016	2017
Total Tax Levy	\$11,119,757	\$11,551,120	\$11,419,479
Collections within the Fiscal Year of the Levy			
Current Tax Collections	10,812,156	11,223,676	11,188,024
Percent of Levy Collected	97.23%	97.17%	97.97%
Delinquent Tax Collections (1)	161,863	284,617	225,920
Total Tax Collections	10,974,019	11,508,293	11,413,944
Percent of Total Tax Collections To Tax Levy	98.69%	99.63%	99.95%
Accumulated Outstanding Delinquent Taxes	125,628	120,889	153,338
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	1.13%	1.05%	1.34%

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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$12,048,452	\$12,409,906	\$12,493,640	\$12,551,841	\$14,329,518	\$14,675,033	\$17,309,627
11,870,917	12,227,045	12,233,310	12,218,232	14,047,946	14,414,228	15,768,873
98.53%	98.53%	97.92%	97.34%	98.04%	98.22%	91.10%
<u>197,873</u>	<u>203,873</u>	<u>242,426</u>	<u>269,632</u>	<u>221,592</u>	<u>265,951</u>	<u>322,755</u>
12,068,790	12,430,918	12,475,736	12,487,864	14,269,538	14,680,179	16,091,628
100.17%	100.17%	99.86%	99.49%	99.58%	100.04%	92.96%
174,622	162,162	116,555	122,524	153,733	359,916	256,368
1.45%	1.31%	0.93%	0.98%	1.07%	2.45%	1.48%

Heath City School District

Ratio of Outstanding Debt By Type Last Ten Years

	2016	2017	2018	2019
Governmental Activities (1)				
General Obligation Bonds Payable	\$12,140,782	\$11,355,564	\$10,566,487	\$9,655,045
SBITA Liability	0	0	0	0
Leases	105,768	256,008	191,201	113,850
Total Primary Government	<u>\$12,246,550</u>	<u>\$11,611,572</u>	<u>\$10,757,688</u>	<u>\$9,768,895</u>
Population (2)				
City of Heath	10,310	10,310	10,310	10,310
Outstanding Debt Per Capita	\$1,188	\$1,126	\$1,043	\$948
Income (3)				
Personal (in thousands)	428,700	435,257	455,826	474,868
Percentage of Personal Income	2.86%	2.67%	2.36%	2.06%

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

2020	2021	2022	2023	2024	2025
\$8,655,813	\$7,553,910	\$5,639,092	\$4,584,274	\$3,489,456	\$0
0	0	0	102,663	50,159	0
58,472	0	0	0	116,011	92,784
<u>\$8,714,285</u>	<u>\$7,553,910</u>	<u>\$5,639,092</u>	<u>\$4,686,937</u>	<u>\$3,655,626</u>	<u>\$92,784</u>
10,310	10,412	10,412	10,412	10,412	10,412
\$845	\$726	\$542	\$450	\$351	\$9
489,704	536,634	577,751	581,906	611,289	611,289
1.78%	1.41%	0.98%	0.81%	0.60%	0.02%

Heath City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2016	2017	2018	2019
Population ⁽¹⁾	10,310	10,310	10,310	10,310
Assessed Value ⁽²⁾	243,934,110	248,262,876	271,391,600	277,895,103
General Bonded Debt ⁽³⁾				
General Obligation Bonds	12,140,782	11,355,564	10,566,487	9,655,045
Resources Available to Pay Principal ⁽⁴⁾	1,237,784	998,467	1,395,292	1,442,042
Net General Bonded Debt	10,902,998	10,357,097	9,171,195	8,213,003
Ratio of Net Bonded Debt to Assessed Value	4.47%	4.17%	3.38%	2.96%
Net Bonded Debt per Capita	1,057.52	1,004.57	889.54	796.61

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

2020	2021	2022	2023	2024	2025
10,310	10,412	10,412	10,412	10,412	10,412
282,070,234	307,972,610	311,885,627	317,971,918	426,241,319	435,429,396
8,655,813	7,553,910	5,639,092	4,584,274	3,489,456	0
1,682,531	1,948,331	1,552,448	2,333,492	3,055,506	0
6,973,282	5,605,579	4,086,644	2,250,782	433,950	0
2.47%	1.82%	1.31%	0.71%	0.10%	0.00%
676.36	538.38	392.49	216.17	41.68	0.00



Heath City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2025*

<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>
Direct:			
Heath City School District	\$92,784	100.00%	\$92,784
Overlapping:			
City of Heath	4,650,000	85.80%	3,989,700
Licking County	19,505,000	5.44%	1,061,072
		Subtotal	5,050,772
		Total	\$5,143,556

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

	2016	2017	2018
Net Assessed Valuation	\$243,934,110	\$248,262,876	\$271,391,600
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	21,954,070	22,343,659	24,425,244
Applicable District Debt Outstanding	12,140,782	11,355,564	10,566,487
Less: Applicable Debt Service Fund Amounts (2)	(1,242,170)	(1,006,492)	(1,399,129)
Net Indebtedness Subject to Limitation	10,898,612	10,349,072	9,167,358
Overall Legal Debt Margin	<u>\$11,055,458</u>	<u>\$11,994,587</u>	<u>\$15,257,886</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	243,934	248,263	271,392
Applicable District Debt Outstanding	0	0	0
Unvoted Legal Debt Margin	<u>\$243,934</u>	<u>\$248,263</u>	<u>\$271,392</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	2,195,407	2,234,366	2,442,524
Applicable District Debt Outstanding	0	0	0
Unvoted Energy Conservation	<u>\$2,195,407</u>	<u>\$2,234,366</u>	<u>\$2,442,524</u>
Loans Legal Debt Margin	<u>\$2,195,407</u>	<u>\$2,234,366</u>	<u>\$2,442,524</u>

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

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

Heath City School District

2019	2020	2021	2022	2023	2024	2025
\$277,895,103	\$282,070,234	\$307,972,610	\$311,885,627	\$317,971,918	\$426,241,319	\$435,429,396
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
25,010,559	25,386,321	27,717,535	28,069,706	28,617,473	38,361,719	39,188,646
9,655,045	8,655,813	7,553,910	5,639,092	4,686,937	3,655,626	92,784
(1,443,227)	(1,684,827)	(1,956,731)	(1,552,448)	(2,333,492)	(3,055,506)	0
8,211,818	6,970,986	5,597,179	4,086,644	2,353,445	600,120	92,784
<u>\$16,798,741</u>	<u>\$18,415,335</u>	<u>\$22,120,356</u>	<u>\$23,983,062</u>	<u>\$26,264,028</u>	<u>\$37,761,599</u>	<u>\$39,095,862</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
277,895	282,070	307,973	311,886	317,972	426,241	435,429
0	0	0	0	0	0	0
<u>\$277,895</u>	<u>\$282,070</u>	<u>\$307,973</u>	<u>\$311,886</u>	<u>\$317,972</u>	<u>\$426,241</u>	<u>\$435,429</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
2,501,056	2,538,632	2,771,753	2,806,971	2,861,747	3,836,172	3,918,865
0	0	0	0	0	0	0
<u>\$2,501,056</u>	<u>\$2,538,632</u>	<u>\$2,771,753</u>	<u>\$2,806,971</u>	<u>\$2,861,747</u>	<u>\$3,836,172</u>	<u>\$3,918,865</u>

Heath City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2015	2016	2017	2018
Population ⁽¹⁾				
City of Heath	10,310	10,310	10,310	10,310
Licking County	170,570	172,198	173,448	175,769
Income ^{(2) (a)}				
Total Personal (in thousands)	428,700	435,257	455,826	474,868
Per Capita	41,581	42,217	44,212	46,059
Unemployment Rate ⁽³⁾				
Federal	5.3%	4.9%	4.4%	3.9%
State	4.9%	4.9%	5.0%	4.6%
Licking County	4.4%	4.3%	4.2%	4.0%

Fiscal Year	2016	2017	2018	2019
School Enrollment ⁽⁴⁾				
Grades K - 2	397	376	382	394
Grades 3 - 5	410	418	403	385
Grades 6 - 8	396	385	405	421
Grades 9 - 12	479	489	497	408
JVS	70	56	65	77
Total	1,752	1,724	1,752	1,685

Sources:

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

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

Heath City School District

2019	2020	2021	2022	2023	2024
10,310	10,412	10,412	10,412	10,412	10,412
177,174	178,100	178,100	178,100	178,100	178,100
489,704	536,634	577,751	581,906	611,289	611,289
47,498	51,540	55,489	55,888	58,710	58,710
3.7%	8.1%	5.3%	3.6%	3.6%	4.0%
4.1%	8.1%	5.1%	4.0%	3.5%	4.3%
3.7%	6.5%	4.1%	3.4%	3.1%	4.0%
2020	2021	2022	2023	2024	2025
404	402	418	379	362	336
397	390	382	402	396	385
423	419	412	400	408	393
408	465	464	427	418	377
79	57	38	50	64	66
1,711	1,733	1,714	1,658	1,648	1,557



Heath City School District

Principal Employers Current Year and Nine Years Ago

		2024	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	1,452	1
Heath City Schools	Education	972	2
Walmart	Retail Sales	576	3
City of Heath	Government	314	4
Kaiser	Manufacturing	224	5
Englefield Oil	Petroleum Products	164	6
Ariel Corporation	Manufacturing	135	7
Ampacet	Manufacturing	98	8
Carvana	Retail Sales	62	9
Marathon Petroleum	Petroleum Products	15	10
Total		4,012	

		2015	
Employer	Nature of Business	Number of Employees	Rank
Central Ohio Aerospace & Technology Center	Manufacturing	802	1
Super Wal-Mart Stores	Retail Sales	441	2
Kaiser Aluminum & Chemical Co.	Manufacturing	315	3
Heath City Schools	Education	309	4
Lowe's Home Center	Retail Sales	234	5
Heath Nursing Home	Health Care	206	6
JLH Automotive	Retail Sales	200	7
Englefield Oil	Petroleum Products	189	8
Arvin/Meritor	Manufacturing	168	9
Mathews Ford	Retail Sales	144	10
Total		3,008	

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

	2016	2017	2018	2019	2020
Supervisory					
Instructional Administrators	2.00	2.00	2.00	2.00	2.00
Noninstructional Administrators	6.00	6.00	6.00	7.00	7.00
Principals	4.00	3.00	4.00	4.00	4.00
Assistant Principals	1.00	1.00	1.00	2.00	2.00
Instruction					
Classroom Teachers	94.50	89.75	96.25	100.50	103.60
Student Services					
Guidance Counselors	1.00	1.00	1.00	1.00	2.00
Psychologists and Health Staff	2.00	2.00	6.00	6.00	6.00
Librarians	1.00	1.00	1.00	1.00	1.00
Support Services					
Clerical/Bookkeeping	10.00	11.50	12.00	11.00	10.00
IT Support	0.00	0.00	0.00	0.00	1.00
Tutors/Aides	14.50	12.00	10.00	9.50	10.40
Food Service	11.00	9.00	10.00	9.50	8.00
Maintenance/Grounds	9.00	9.00	9.00	9.50	8.50
Transportation	11.00	13.00	12.00	10.00	12.00
<i>Total Employees</i>	<u>167.00</u>	<u>160.25</u>	<u>170.25</u>	<u>173.00</u>	<u>177.50</u>

Method: The District began using EMIS staffing submissions as its source data in FY 18, and as such, restated the statistics from FY 16 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

2021	2022	2023	2024	2025
2.00	2.00	3.00	4.00	5.00
6.00	6.00	7.00	6.00	6.00
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	3.00
101.12	110.00	112.00	111.00	112.00
2.00	3.00	3.00	3.00	3.00
4.50	2.00	3.50	4.50	3.00
1.00	1.00	1.00	1.00	1.00
10.00	10.00	9.00	10.00	10.00
1.00	1.00	1.00	1.00	1.00
11.00	17.50	16.50	16.00	19.00
11.50	15.50	13.50	14.00	15.00
7.00	9.00	9.00	10.00	9.00
9.00	11.00	12.00	12.00	11.00
172.12	194.00	196.50	198.50	202.00

Heath City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2016	2017	2018	2019
Enrollment	1,752	1,724	1,752	1,685
Modified Accrual Basis				
Operating Expenditures	19,807,688	20,248,950	20,079,126	22,017,073
Cost per Pupil	11,306	11,745	11,461	13,067
Percentage of Change	7.7%	3.9%	(2.4%)	14.0%
Accrual Basis (1)				
Expenses	18,853,713	19,635,128	12,122,616	19,172,413
Cost per Pupil	10,761	11,389	6,919	11,378
Percentage of Change	8.01%	5.84%	(39.25%)	64.44%
Teaching Staff	94.50	89.75	96.25	100.50

(1) Expenses exclude interest and fiscal charges

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

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

Heath City School District

2020	2021	2022	2023	2024	2025
1,711	1,733	1,714	1,658	1,648	1,557
22,590,281	24,209,537	24,814,186	25,363,678	27,468,367	31,565,650
13,203	13,970	14,477	15,298	16,668	20,273
1.0%	5.8%	3.6%	5.7%	9.0%	21.6%
22,632,001	24,235,017	21,335,768	24,710,867	25,965,766	26,267,037
13,227	13,984	12,448	14,904	15,756	16,870
16.25%	5.72%	(10.99%)	19.73%	5.72%	7.07%
103.60	101.12	110.00	112.00	111.00	112.00

Heath City School District

Operating Indicators by Function Last Ten Years

	2016	2017	2018
Governmental Activities			
Pupils			
Enrollment	1,718	1,712	1,752
Graduates	137	108	106
Percent of Students with Disabilities	7.2%	11.5%	13.8%
Board of Education			
Regularly scheduled board meetings per year	12	12	12
Administration			
School Attendance Rate	96.80%	94.90%	94.00%
Fiscal Services			
Purchase Orders Processed	2,287	2,416	2,420
Checks Issued (non payroll)	2,302	2,249	2,114
Operation and Maintenance of Plant			
District Square Footage Maintained	291,068	291,068	291,068
District Square Miles Maintained	11.2	11.2	11.2
Pupil Transportation			
Average Daily Students Transported	1,188	885	886
Average Daily Bus Fleet Miles	901	581	533
Number of Buses	16	17	16
Operation of Noninstructional Services			
Food Service Operations			
Students Lunches Served Annually	141,172	134,229	134,746
Percent of Free/Reduced Price Meals (1)	49%	63%	57%
Extracurricular Activities			
High School Varsity Teams	17	21	22

Source: District Treasurer's Office

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

Heath City School District

2019	2020	2021	2022	2023	2024	2025
1,685	1,711	1,733	1,714	1,658	1,648	1,557
115	131	145	122	111	150	117
12.2%	15.0%	15.0%	16.1%	17.4%	19.7%	18.6%
12	12	12	12	12	12	12
94.30%	95.30%	90.60%	93.00%	92.90%	93.80%	93.90%
1,940	1,655	1,768	1,618	1,525	1,685	842
2,443	1,918	2,371	2,101	1,940	1,859	1,777
291,068	291,068	291,068	291,068	291,068	291,068	291,068
11.2	11.2	11.2	11.2	11.2	11.2	11.2
845	848	621	791	895	885	750
534	547	488	558	510	809	690
15	15	14	15	13	13	14
140,613	126,854	124,930	302,713	241,244	237,382	267,404
55%	60%	36%	100%	36%	50%	52%
23	23	24	24	24	24	22

Heath City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2016	2017	2018	2019
Minimum Salary	35,148	35,148	35,851	36,568
Maximum Salary	75,568	77,326	78,872	80,450
District Average Salary	52,446	52,535	55,769	53,490
State Average Salary (1)	57,154	58,849	58,186	60,399

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	2016	2017	2018	2019
Bachelor's Degree	23	34	30	33
Master's Degree	72	57	59	61
Master's Degree + 30	9	9	12	10
Total	104	100	101	104

Source: District Treasurer's Office

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

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

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

Heath City School District

2020	2021	2022	2023	2024	2025
37,299	38,045	38,996	39,971	40,870	42,505
82,058	83,699	87,741	89,935	91,958	95,636
60,284	57,602	56,895	55,459	65,760	66,020
65,754	67,654	69,081	66,399	N/A	N/A

2020	2021	2022	2023	2024	2025
32	30	35	41	37	36
64	70	65	63	62	59
10	12	12	11	19	17
106	112	112	115	118	112

Heath City School District

Capital Asset Statistics by Building Last Ten Years

	2016	2017	2018	2019
Secondary				
Heath High School				
Square Footage	124,740	124,700	124,700	124,700
Capacity (students)	600	600	600	600
Enrollment	549	545	562	485
Middle				
Heath Middle School				
Square Footage	67,197	67,197	67,197	67,197
Capacity (students)	450	450	450	450
Enrollment	396	385	405	421
Elementary				
Stevenson Elementary School				
Square Footage	44,437	44,437	44,437	44,437
Capacity (students)	450	450	450	450
Enrollment	410	418	403	385
Garfield Elementary School				
Square Footage	44,112	44,112	44,112	44,112
Capacity (students)	450	450	450	450
Enrollment	397	376	382	394
All Other				
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	17	16	15

Source: District Treasurer's Office

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

Heath City School District

2020	2021	2022	2023	2024	2025
124,700	124,700	124,700	124,700	124,700	124,700
600	600	600	600	600	600
487	522	502	477	482	443
67,197	67,197	67,197	67,197	67,197	67,197
450	450	450	450	450	450
423	419	412	400	408	393
44,437	44,437	44,437	44,437	44,437	44,437
450	450	450	450	450	450
397	390	382	402	396	385
44,112	44,112	44,112	44,112	44,112	44,112
450	450	450	450	450	450
404	402	418	379	362	336
2,400	2,400	2,400	2,400	2,400	2,400
14	14	14	14	13	13
13	12	12	12	13	13
10,800	10,800	10,800	10,800	10,800	10,800
15	14	15	15	15	14

Heath City School District

Educational and Operating Statistics Last Ten Years

	2016	2017	2018	2019	2020
ACT Scores (Average)					
Heath	21.9	21.3	18.3	18.5	19.1
Ohio	21.7	22.0	20.3	20.0	19.2
National	21.4	21.0	20.8	20.7	20.6
Cost per Student (ODE)					
Heath	8,978	9,480	8,335	8,914	8,654
Ohio (Average) ⁽¹⁾	9,837	10,445	9,353	9,724	9,883
Attendance Rate					
Heath	94.90%	94.90%	94.00%	94.30%	95.30%
Ohio (Average)	94.10%	93.90%	93.70%	93.50%	N/A
Graduation Rate ⁽²⁾					
Heath	92.40%	92.80%	90.80%	93.30%	94.80%
Ohio (Average)	83.50%	84.10%	85.30%	85.90%	87.20%

Source:

District's Student Records and Ohio Department of Education

(1) ODE calculation is not based on GAAP financial reports.

(2) ODE report cards report the prior year's Graduation Rates

N/A - Not Available

Heath City School District

2021	2022	2023	2024	2025
18.2	19.9	18.1	17.7	18.6
18.9	19.4	19.2	19.0	18.8
20.3	19.8	19.5	19.4	19.4
9,372	9,886	10,632	11,042	12,720
10,336	11,306	11,916	12,397	12,759
90.60%	92.30%	92.90%	93.80%	93.90%
N/A	90.40%	N/A	N/A	91.50%
93.00%	91.40%	91.40%	88.40%	94.90%
87.00%	87.00%	87.30%	N/A	88.30%



HEATH CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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**HEATH CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2025	\$ 177,999
National School Lunch Program	10.555	2025	416,437
National School Lunch Program - Food Donation	10.555	2025	90,929
Total National School Lunch Program			507,366
Total U.S. Department of Agriculture and Child Nutrition Cluster			685,365
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #4	21.027	COVID-19, 2023	11,873
Total U.S. Department of Treasury			11,873
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	52,490
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2025	349,541
Total Title I Grants to Local Educational Agencies			402,031
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	53,658
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2025	357,276
Total Special Education-Grants to States (IDEA, Part B)			410,934
<i>Consortium Amount Passed/Transferred to the Licking Regional Educational Service Center</i>			
Special Education-Preschool Grants (IDEA, Preschool)	84.173A	84.173A, 2025	8,673
Total Special Education Cluster (IDEA)			419,607
<i>Consortium Amount Passed/Transferred to the Licking Regional Educational Service Center</i>			
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2025	785
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	13,572
Supporting Effective Instruction State Grants	84.367A	84.367A, 2025	48,902
Total Supporting Effective Instruction State Grants			62,474
Comprehensive Literacy Development	84.371C	84.371C, 2025	14,168
Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	24,164
Student Support and Academic Enrichment Program	84.424A	84.424A, 2025	12,200
Total Student Support and Academic Enrichment Program			36,364
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2024	465,657
Total U.S. Department of Education			1,401,086
Total Federal Expenditures			\$ 2,098,324

The accompanying notes are an integral part of this schedule.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Heath City School District under programs of the federal government for the fiscal year ended June 30, 2025 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 Heath City School District, it is not intended to and does not present the financial position, or changes in net position or cash flows of Heath City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Heath City School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - CHILD NUTRITION CLUSTER

Heath City School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, Heath City School District assumes it expends federal monies first.

NOTE 4 – FOOD DONATION PROGRAM

Heath City School District reports commodities consumed on the Schedule at the entitlement value. Heath City School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE 5 – PASS THROUGH FUNDS

Heath City School District was awarded federal program allocations to be administered on their behalf by the Licking Regional Educational Service Center (ESC). For fiscal year 2025, Heath City School District's allocations were as follows:

Grant/Program Name	ALN	Reallocated to	Award Amount
Special Education-Preschool Grants (IDEA, Preschool)	84.173A	Licking Regional ESC	\$8,673
English Language Acquisitions State Grants - Title III	84.365A	Licking Regional ESC	\$ 785

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Heath City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Heath City School District's basic financial statements, and have issued our report thereon dated December 29, 2025, wherein we noted as described in Note 2 to the financial statements, Heath City School District restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences" and a revaluation of capital asset values.

Report on Internal Control over Financial Reporting

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

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

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

Heath City School District

Licking County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Heath City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Julian & Grube, Inc.

December 29, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

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

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Heath City School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Heath City School District's major federal programs for the fiscal year ended June 30, 2025. Heath City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, Heath City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Heath City School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Heath City School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Heath City School District's federal programs.

Heath City School District
Licking County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Heath City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Heath City School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Heath City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Heath City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Heath City School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Heath City School District
Licking County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Heath City School District, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Heath City School District's basic financial statements. We issued our report thereon dated December 29, 2025, which contained unmodified opinions on those financial statements. Our opinion also explained that Heath City School District adopted *Governmental Accounting Standard* No. 101 during the fiscal year. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Julian & Grube, Inc.
December 29, 2025

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reporting at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None reported
<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 weaknesses in internal control 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>	None reported
<i>(d)(1)(v)</i>	<i>Type of Major Programs' 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 Programs (listed):</i>	COVID-19 - Education Stabilization Fund (ALN 84.425)
<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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



HEATH CITY SCHOOL DISTRICT

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/21/2026

65 East State Street, Columbus, Ohio 43215
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