

**CITY OF HEATH  
LICKING COUNTY  
REGULAR AUDIT  
JANUARY 1, 2015 – DECEMBER 31, 2015**







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Heath, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

August 3, 2016

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**CITY OF HEATH  
LICKING COUNTY**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Heath, Licking County, (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2016, wherein we noted the City adopted GASB Statement No. 68 and 71 as disclosed in Note 2.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2015-001 to be a significant deficiency.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

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

***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-002.

***City's Response to Findings***

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

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

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
June 24, 2016

**CITY OF HEATH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

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

Finding Number	2015-001
----------------	----------

**Financial Reporting – Significant Deficiency**

The compilation and presentation of the financial statements and the related footnotes is the responsibility of management. This responsibility remains intact if management decides to outsource this function for efficiency purposes or any other reason.

We identified the following items requiring adjustment to the financial statements for the year ended December 31, 2015:

- The Water Fund had expenses related to the water meter reading project in the amount of \$493,479 which should have been recorded as construction in progress.
- The following adjustments were necessary to properly report estimated resources:

Fund	Certified by County Budget Commission	Budgetary Statements and Schedules	Variance
General	\$ 6,835,629	\$ 6,673,947	(\$ 161,682)
Fire Levy	553,422	529,837	(23,585)
Capital Improvements	0	174,000	174,000
Swimming Pool	604,850	603,350	(1,500)
Fire Pension	211,914	208,539	(3,375)
Police Pension	247,363	247,039	(324)

The accompanying basic financial statements and schedules have been adjusted to reflect these adjustments.

Sound financial reporting is the responsibility of the City Auditor and Council and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate. To ensure the City’s financial statements are complete and accurate, the City should adopt policies and procedures, including a final review of the statements and notes by the City Auditor, to identify and correct errors and omissions.



**CITY OF HEATH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

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

Finding Number	2015-002
----------------	----------

**Appropriations Exceeding Estimated Resources – Noncompliance**

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

At December 31, 2015, appropriations exceeded estimated resources in the following funds:

Special Revenue Funds	Estimated Resources	Appropriations	Variance
Fire Levy	\$ 913,079	\$ 1,167,909	(\$ 254,830)
County \$5 Permissive License Tax	0	93,324	(93,324)
Municipal Motor Vehicle License Tax	420,145	458,326	(38,181)

We recommend that the Auditor’s Office update the accounting records throughout the year when budgetary data is modified so that the City is accurately recording budgetary activity and search for potential noncompliance and amend budgetary documents as needed. We recommend the Auditor’s Office file appropriation amendments with the County Auditor’s Office to certify appropriations do not exceed estimated resources. By updating the accounting records and obtaining the County Auditor certification, the City may reduce the likelihood of noncompliance with laws and regulations.

**CITY OF HEATH  
LICKING COUNTY**

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2015**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2015-001	The City will monitor the preparation of the basic financial statements.	June 30, 2017	Jay Morrow, City Auditor
2015-002	The City will monitor the budgetary process and update estimated resources and appropriations as necessary throughout the year.	June 30, 2017	Jay Morrow, City Auditor

# CITY OF HEATH, OHIO

*Licking County*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2015



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2015

*Prepared by the City Auditor's Department*

Mr. Jay R. Morrow  
City Auditor



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## *INTRODUCTORY SECTION*

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# CITY OF HEATH

Mark D. Johns  
Mayor

Jay R. Morrow  
Auditor

David C. Morrison  
Director of Law

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

June 24, 2016

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

The City Auditor is pleased to present this Comprehensive Annual Financial Report for the City of Heath (the City) for the year ended December 31, 2015. The report has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## **INTRODUCTION**

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

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

## **The Reporting Entity**

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

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

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

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### ***Letter of Transmittal For the Year Ended December 31, 2015***

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#### **The City of Heath**

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

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

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

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

#### **Labor Relations**

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

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

**CITY OF HEATH, OHIO**

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***Letter of Transmittal  
For the Year Ended December 31, 2015***

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

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

<u>Bargaining Unit</u>	<u>Agreement Expiration Date</u>	<u>Number of Employees Covered</u>
Fraternal Order of Police, Ohio Labor Council (Dispatchers)	March 31, 2017	6
Fraternal Order of Police, Ohio Labor Council (Sergeants/Patrol)	March 31, 2017	17
International Association of Firefighters Local 2930	April 17, 2017	15
American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8	April 1, 2017	32

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2015***

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**ECONOMIC OUTLOOK & MAJOR INITIATIVES**

The City experienced another busy year of activity in 2015. In the commercial sector, there were no notable businesses which left the area. Rather, the City will continue to see its automotive sales sector grow with the ongoing construction of Coughlin Automotive's new Nissan dealership, its third dealership in Heath. Tri-County Dodge/Chrysler expanded its operation as well. Rural King completed its move to a large commercial space near the Indian Mound Mall.

On the industrial side, the only notable loss was Meritor closing its operation after many years of continued workforce reductions. That loss was offset, in part, by the location of Arial Corporation's new facility, as well as MISTRAS occupying its newly built facility in Heath. Firefly Diagnostics, a Toronto, Canada-headquartered company engaged in genetic testing for personalized medicine, moved into a Class 10,000 clean room built by the Heath-Newark-Licking County Port Authority. The HNLCPA also completed a 20,000 sq. ft., expandable to 40,000 sq. ft., industrial spec building on newly completed International Drive, a roadway opening up 40 acres of prime manufacturing-zoned ground. Southgate Corporation completed its 50,000 sq. ft., expandable to 100,000 sq. ft., industrial spec building in the same general area.

Plans for 2016 include:

Streets	Resurfacing and Curb Replacement of Green Valley Dr.	\$265,000
Water/Sewer	Begin New Water Tower Project	1,200,000
Police	New Unmarked and Patrol Vehicles	51,500
Fire	New Ambulance	200,000

**FINANCIAL INFORMATION**

**Internal Control, Budgetary Control and the Accounting System**

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.



***Letter of Transmittal  
For the Year Ended December 31, 2015***

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

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

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

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

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2015***

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**OTHER INFORMATION**

**Independent Audit**

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

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Heath, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2014. The City has received this award each year since 1994. The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. I believe this, our current report continues to conform to the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and I am submitting it to GFOA. In addition, the Heath city auditor also received the Auditor of State's Award, for fiscal years 2002 through 2008. To be eligible, reporting entities must have had no citations reported in their annual audit. Less than 5% of all reporting entities are eligible for this award.

**Public Disclosure**

The publication of this report represents an important achievement in the ability of the City of Heath to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City administration and investors. This report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

In addition to the citizens of Heath, the recipients of this report will include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization that requests it. The extensive effort to prepare and distribute this report is indicative of the City Auditor's goal of full disclosure of the City's finances.

***Letter of Transmittal  
For the Year Ended December 31, 2015***

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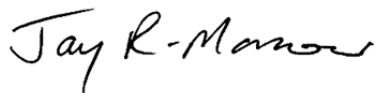
**Acknowledgments**

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

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

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

Respectfully,



Jay R. Morrow  
City Auditor

**CITY OF HEATH, OHIO**

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**List of Principal Officials  
For the Year Ended December 31, 2015**

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<b><i>ELECTED OFFICIALS</i></b>	<b><i>OFFICE</i></b>	<b><i>TERM EXPIRES</i></b>	<b><i>SURETY</i></b>
Mark D. Johns	Mayor	01/01/2018	
Jay R. Morrow	Auditor	03/31/2016	B
Tim Kelley	Council Member – at Large President of Council	01/01/2016	
Cledys Henry	Council Member at Large President-Pro-Tem	01/01/2016	
Deborah Cole	Council Member at Large	01/01/2016	
Brian Johnson	Council Member - Ward 1	01/01/2018	
Richard Morrow	Council Member - Ward 2	01/01/2018	
Doug Heffley	Council Member - Ward 3	01/01/2018	
Jeffrey Crabill	Council Member at Large	01/01/2016	

<b><i>ADMINISTRATIVE PERSONNEL</i></b>	<b><i>TITLE</i></b>	<b><i>TERM OF OFFICE</i></b>	<b><i>SURETY</i></b>
Kimberly Geller	Income Tax Commissioner	Indefinite	A
John R. Mason	Police Chief	Indefinite	
Mark Huggins	Fire Chief	Indefinite	
John Geller	Utilities Director	Indefinite	
Robert Geller	Street and Parks Superintendent	Indefinite	
Eddie Hunt	Building and Zoning Inspector	Indefinite	
David C. Morrison	Law Director	Indefinite	
Rebecca McComb	Assistant Auditor	Indefinite	
Lynn M. Hunt	Clerk of Council	Indefinite	
Ginna Walker	Mayor's Secretary/Administrative Assistant	Indefinite	
Deborah K. Whitefield	Administrative Assistant	Indefinite	
Charles Kyle	Recreation Director	Indefinite	

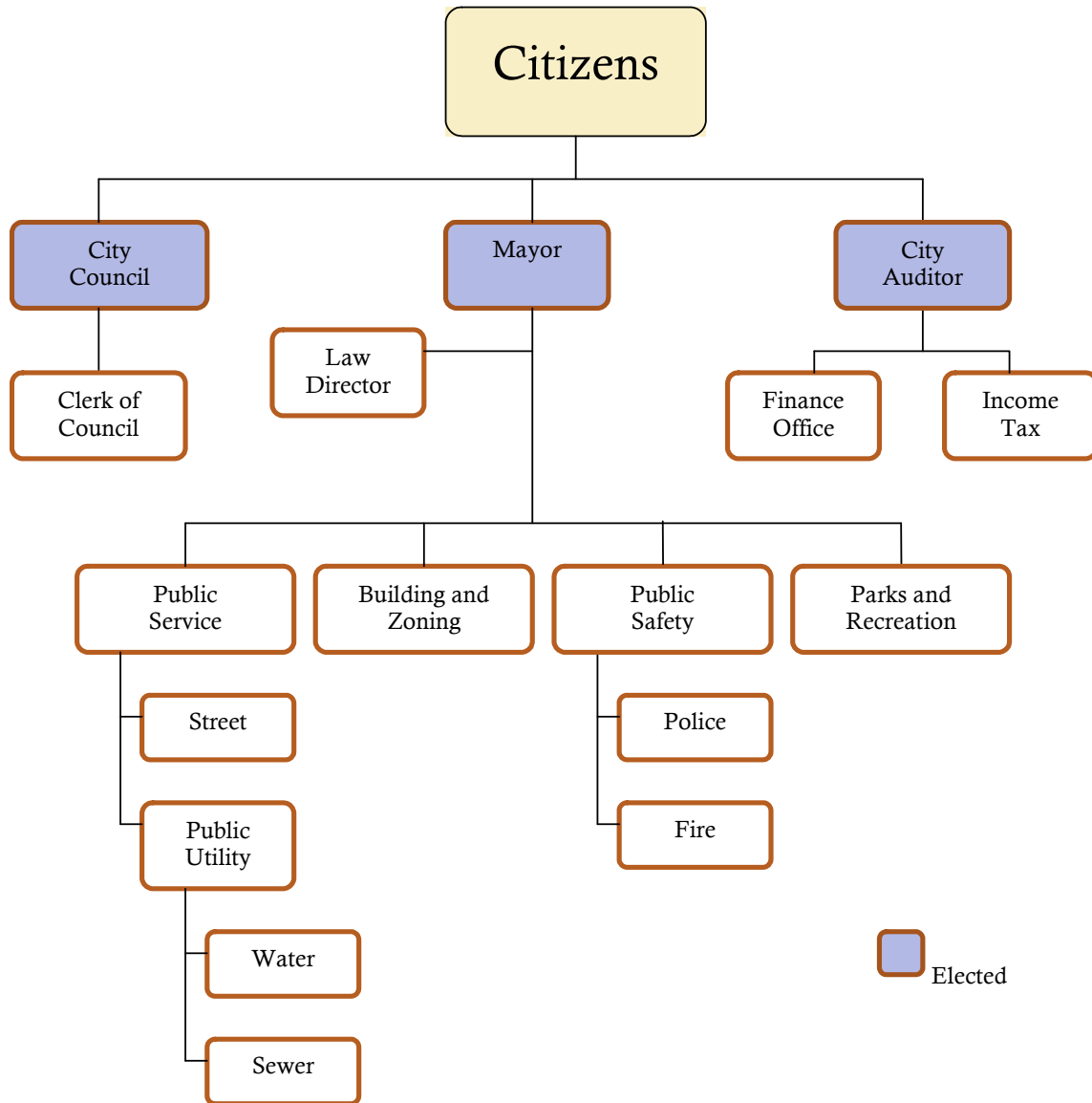
(A) \$100,000 Fidelity and Deposit Company of Maryland 06/1/04 - Indefinite  
 (B) \$100,000 Ohio Farmers Insurance Company 06/1/04 - Indefinite

**City Address:**

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

**City Organizational Chart  
For the Year Ended December 31, 2015**

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**Boards and Commissions**

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

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

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Government Finance Officers Association

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

Presented to

**City of Heath  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

## *FINANCIAL SECTION*

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

## INDEPENDENT AUDITOR'S REPORT

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Heath, Licking County, Ohio (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
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FAX (740) 345-5635

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Heath, Licking County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General and Fire Levy Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

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

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

City of Heath  
Licking County  
Independent Auditor's Report

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Wilson, Shannon & Sons, Inc.*

Newark, Ohio  
June 24, 2016



The management's discussion and analysis of the City of Heath's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

### **Key financial highlights for 2015 are as follows:**

In total, net position increased \$139,327. Net position of governmental activities decreased \$616,901 which represents a 1.9% decrease from 2014. Net position of business-type activities increased \$756,228 or 4.1% from 2014.

General revenues accounted for \$7.9 million in revenue or 55.3% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for 44.7% of total revenues of \$14.3 million.

The City had \$10.2 million in expenses related to governmental activities; \$1.7 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes) of \$7.9 million assisted in providing for these programs.

Among major funds, the general fund had \$7.4 million in revenues and \$7.2 million in expenditures and other financing uses. The general fund's fund balance increased \$182,562 to \$3.2 million.

Net position for enterprise funds increased by \$728,532. Revenues and expenses increased in 2015 when compared to 2014. The activity is reflective of the completion of construction of multiple projects including three new spec sites and roadway that occurred over the past year.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Government-wide Statements**

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

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's program's and services are reported here including security of persons and property, public health and welfare, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer services are reported as business-type activities.

**Fund Financial Statements**

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

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

**Management's Discussion and Analysis  
For the Year Ended December 31, 2015**

**Unaudited**

**Proprietary Funds** – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses two enterprise funds to account for water and sewer operations. Both of the enterprise funds are reported as major funds.

The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service fund reports on the City's self-insurance programs for employee medical benefits.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary fund is a private purpose trust fund used to account for unclaimed monies.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a comparison of the City's net position between December 31, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
		Restated		Restated		Restated
	2015	2014	2015	2014	2015	2014
Current and other assets	\$8,246,610	\$8,666,874	\$5,715,104	\$4,958,341	\$13,961,714	\$13,625,215
Capital assets, Net	35,314,580	35,558,743	22,255,424	22,549,710	57,570,004	58,108,453
Total assets	43,561,190	44,225,617	27,970,528	27,508,051	71,531,718	71,733,668
Deferred Outflows of Resources	1,127,025	746,274	146,886	103,090	1,273,911	849,364
Net Pension Liability	8,407,676	7,976,978	837,032	813,735	9,244,708	8,790,713
Long-term debt outstanding	3,390,273	3,387,607	8,093,470	8,361,407	11,483,743	11,749,014
Other liabilities	359,087	512,398	121,054	141,535	480,141	653,933
Total liabilities	12,157,036	11,876,983	9,051,556	9,316,677	21,208,592	21,193,660
Deferred Inflows of Resources	1,390,799	1,337,627	15,166	0	1,405,965	1,337,627
Net position						
Net investment in Capital Assets	32,583,035	32,879,970	14,247,988	14,265,581	46,831,023	47,145,551
Restricted	3,096,603	3,667,955	0	0	3,096,603	3,667,955
Unrestricted	(4,539,258)	(4,790,644)	4,802,704	4,028,883	263,446	(761,761)
Total net position	\$31,140,380	\$31,757,281	\$19,050,692	\$18,294,464	\$50,191,072	\$50,051,745

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system 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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.



**CITY OF HEATH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2015**

**Unaudited**

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014. The net pension liability and associated deferred outflows reduced beginning of year net position (net) by \$7,230,704 in governmental activities and \$710,645 in business-type activities.

Changes in Net position – The following table shows the changes in net position for the fiscal year 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for Services and Sales	\$1,019,737	\$952,675	\$4,681,685	\$4,193,074	\$5,701,422	\$5,145,749
Operating Grants and Contributions	695,090	661,083	0	0	695,090	661,083
Capital Grants and Contributions	8,992	400,859	0	8,962	8,992	409,821
Total Program Revenues	1,723,819	2,014,617	4,681,685	4,202,036	6,405,504	6,216,653
General revenues:						
Property Taxes	1,173,389	1,183,320	0	0	1,173,389	1,183,320
Income Taxes	6,023,648	5,716,808	0	0	6,023,648	5,716,808
Other Local Taxes	1,684	5,647	0	0	1,684	5,647
Intergovernmental Revenue, Unrestricted	447,701	595,813	0	0	447,701	595,813
Investment Earnings	137,416	65,477	14,410	8,142	151,826	73,619
Miscellaneous	120,042	106,763	0	0	120,042	106,763
Total General Revenues	7,903,880	7,673,828	14,410	8,142	7,918,290	7,681,970
Total Revenues	9,627,699	9,688,445	4,696,095	4,210,178	14,323,794	13,898,623
Program Expenses:						
Security of Persons and Property	5,380,059	5,361,303	0	0	5,380,059	5,361,303
Public Health and Welfare Services	55,970	55,970	0	0	55,970	55,970
Leisure Time Activities	1,220,510	1,387,265	0	0	1,220,510	1,387,265
Community Environment	257,150	270,574	0	0	257,150	270,574
Transportation	1,863,500	1,267,738	0	0	1,863,500	1,267,738
General Government	1,385,688	1,453,988	0	0	1,385,688	1,453,988
Interest and Fiscal Charges	81,723	84,363	0	0	81,723	84,363
Business Type Activities:						
Water	0	0	1,878,912	1,867,677	1,878,912	1,867,677
Sewer	0	0	2,060,955	2,038,089	2,060,955	2,038,089
Total Expenses	10,244,600	9,881,201	3,939,867	3,905,766	14,184,467	13,786,967
Total Change in Net Position	(616,901)	(192,756)	756,228	304,412	139,327	111,656
Beginning Net Position, Restated	31,757,281	N/A	18,294,464	N/A	50,051,745	N/A
Ending Net Position	\$31,140,380	\$31,757,281	\$19,050,692	\$18,294,464	\$50,191,072	\$50,051,745

***Management's Discussion and Analysis  
For the Year Ended December 31, 2015***

***Unaudited***

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$746,274 for Governmental Activities and \$103,090 for Business-type Activities computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$828,922 for Governmental Activities and \$95,493 for Business-type Activities.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2015 program expenses under GASB 68	\$10,244,600	\$3,939,867
Pension expense under GASB 68	(828,922)	(95,493)
2015 contractually required contribution	747,292	100,826
Adjusted 2015 program expenses	10,162,970	3,945,200
Total 2014 program expenses under GASB 27	9,881,201	3,905,766
Increase in program expenses not related to pension	<u>\$281,769</u>	<u>\$39,434</u>

***Governmental Activities***

Net position of the City's governmental activities decreased by \$616,901. Increased transportation expenses were the single largest cause for the decrease in overall net position. Revenues remained consistent in 2015 compared to 2014.

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

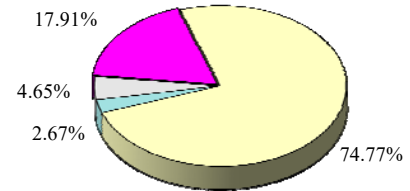
The City also receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2015***

***Unaudited***

Property taxes and income taxes made up 12.2% and 62.6% respectively of revenues for governmental activities for the City in 2015. The City's reliance upon tax revenues is demonstrated by the following graph indicating 74.77% of total revenues from general tax revenues:

Revenue Sources	2015	Percent of Total
Intergovernmental Revenue, Unrestricted	\$447,701	4.65%
Program Revenues	1,723,819	17.91%
General Tax Revenues	7,198,721	74.77%
General Other	257,458	2.67%
Total Revenue	<u>\$9,627,699</u>	<u>100.00%</u>



***Business-Type Activities***

Net position of the business-type activities increased by \$756,228. The 4.1% increase in net position can be attributed primarily to increased charges for services collected in 2015.

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

The City's governmental funds reported a combined fund balance of \$6,158,878, which is a decrease from last year's balance of \$6,494,561. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2015 and 2014:

	Fund Balance December 31, 2015	Fund Balance December 31, 2014	Increase (Decrease)
General	\$3,167,624	\$2,985,062	\$182,562
Fire Levy	276,935	341,388	(64,453)
Capital Improvement Fund	1,799,066	2,039,781	(240,715)
Other Governmental	915,253	1,128,330	(213,077)
Total	<u>\$6,158,878</u>	<u>\$6,494,561</u>	<u>(\$335,683)</u>

**Management's Discussion and Analysis  
For the Year Ended December 31, 2015**

**Unaudited**

General Fund – The City’s General Fund balance increased 6.1% from 2014. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2015 Revenues	2014 Revenues	Increase (Decrease)
Taxes	\$6,252,707	\$5,799,171	\$453,536
Intergovernmental Revenue	396,689	464,164	(67,475)
Charges for Services	429,763	451,589	(21,826)
Licenses and Permits	28,924	17,872	11,052
Investment Earnings	136,360	64,633	71,727
Fines and Forfeitures	14,221	11,643	2,578
All Other Revenue	120,042	106,763	13,279
<b>Total</b>	<b>\$7,378,706</b>	<b>\$6,915,835</b>	<b>\$462,871</b>

General Fund revenues increased by 6.7% over 2014. Income taxes increases accounted for the majority of the increase.

	2015 Expenditures	2014 Expenditures	Increase (Decrease)
Security of Persons and Property	\$4,201,606	\$3,991,066	\$210,540
Public Health and Welfare Services	55,970	55,970	0
Leisure Time Activities	553,178	621,782	(68,604)
Community Environment	292,709	249,678	43,031
General Government	1,302,020	1,400,963	(98,943)
<b>Total</b>	<b>\$6,405,483</b>	<b>\$6,319,459</b>	<b>\$86,024</b>

General Fund expenditures increased by \$86,024 or 1.4% over the prior year due to increased spending on security of persons and normal increases in community environment expenditures offsetting decreases in leisure time activities and general government.

*Fire Levy Fund* – The balance of this fund decreased by \$64,453 or 18.9% under the prior year, as the City expended \$1,039,366 on operations and capital expenditures.

*Capital Improvement Fund* – The balance in this fund can fluctuate by 50% or more in a given year because this fund is utilized to account for the majority of the City’s capital improvements. The level of funding and expenditures vary depending on the City’s capital plans for the given year. During 2015, the fund balance decreased by 11.8%.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

During the course of 2015, the City amended its General Fund budget several times. The increase in the final budgeted appropriations of \$681,674 was mainly the result of additional appropriations for the police department and transfers out to other funds.

For the General Fund, final budget basis revenue of \$6,835,629 did not change when compared to the original budget estimates.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2015 the City had \$57,570,004 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. Of this total, \$35,314,580 was related to governmental activities and \$22,255,424 to the business-type activities. The following table shows 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	\$10,075,521	\$10,075,521	\$0
Construction in Progress	4,500	4,500	0
Total Non-Depreciable Capital Assets	10,080,021	10,080,021	0
Buildings	6,515,070	6,515,070	0
Improvements Other Than Buildings	3,992,953	3,989,139	3,814
Machinery and Equipment	6,925,129	6,193,794	731,335
Infrastructure	28,710,642	28,684,830	25,812
Less: Accumulated Depreciation	(20,909,235)	(19,904,111)	(1,005,124)
Total Depreciable Capital Assets, Net	25,234,559	25,478,722	(244,163)
Totals	\$35,314,580	\$35,558,743	(\$244,163)

**Management's Discussion and Analysis  
For the Year Ended December 31, 2015**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2015	2014	
Land	\$397,374	\$397,374	\$0
Construction in Progress	493,479	1,398,708	(905,229)
Total Non-Depreciable Capital Assets	890,853	1,796,082	(905,229)
Buildings	17,018,225	15,619,517	1,398,708
Improvements Other Than Buildings	3,922,977	3,922,977	0
Machinery and Equipment	5,845,205	5,884,972	(39,767)
Infrastructure	17,326,586	17,326,586	0
Less: Accumulated Depreciation	(22,748,422)	(22,000,424)	(747,998)
Total Depreciable Capital Assets, Net	21,364,571	20,753,628	610,943
Totals	\$22,255,424	\$22,549,710	(\$294,286)

The largest increases in governmental activities capital assets occurred in machinery and equipment.

Additional information on the City's capital assets can be found in Note 9.

**Debt**

At December 31, 2015, the City had \$4,445,000 in bonds outstanding, \$785,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2015 and 2014:

	2015	Restated 2014
Governmental Activities:		
General Obligation Bonds	\$2,285,000	\$2,640,000
Capital Leases	446,545	38,773
Compensated Absences	658,728	708,834
Net Pension Liability	8,407,676	7,976,978
Total Governmental Activities	11,797,949	11,364,585
Business-Type Activities:		
General Obligation Bonds	2,160,000	2,570,000
OWDA Loans	5,052,270	5,360,803
OPWC Loans	335,166	353,326
Capital Leases	460,000	0
Compensated Absences	86,034	77,278
Net Pension Liability	837,032	813,735
Total Business-Type Activities	8,930,502	9,175,142
Totals	\$20,728,451	\$20,539,727

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which the City lies, is limited to ten mills. At December 31, 2015, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

**ECONOMIC FACTORS**

Income tax collections for 2015 increased insignificantly from 2014.

In an effort to reduce expenses, capital projects and capital acquisitions were dramatically reduced, and only those items that were really necessary were appropriated. Also affecting the General Fund and budget are the upwardly spiraling health insurance costs.

City Council continues to review the possibility of increasing existing revenue sources.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Auditor's Office by calling (740) 522-1420 or writing to City of Heath Auditor's Office, 1287 Hebron Rd., Heath, Ohio 43056.





**CITY OF HEATH, OHIO**

**Statement of Net Position  
December 31, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,296,691	\$ 225,587	\$ 1,522,278
Investments	4,216,152	4,778,058	8,994,210
Receivables:			
Taxes	2,132,079	0	2,132,079
Accounts	17,651	636,209	653,860
Intergovernmental	348,390	0	348,390
Internal Balances	11,915	(11,915)	0
Inventory of Supplies at Cost	116,811	60,330	177,141
Prepaid Items	62,828	26,835	89,663
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	44,093	0	44,093
Non-Depreciable Capital Assets	10,080,021	890,853	10,970,874
Depreciable Capital Assets, Net	25,234,559	21,364,571	46,599,130
<b>Total Assets</b>	<b>43,561,190</b>	<b>27,970,528</b>	<b>71,531,718</b>
<b>Deferred Outflows of Resources:</b>			
Pension	1,127,025	146,886	1,273,911
<b>Liabilities:</b>			
Accounts Payable	48,795	63,461	112,256
Accrued Wages and Benefits Payable	212,661	43,965	256,626
Intergovernmental Payable	606	0	606
Claims Payable	84,782	0	84,782
Accrued Interest Payable	12,243	13,628	25,871
Noncurrent liabilities:			
Due within one year	515,603	863,798	1,379,401
Due in more than one year:			
Net Pension Liability	8,407,676	837,032	9,244,708
Other Amounts Due in More Than One Year	2,874,670	7,229,672	10,104,342
<b>Total Liabilities</b>	<b>12,157,036</b>	<b>9,051,556</b>	<b>21,208,592</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Year	1,359,116	0	1,359,116
Pension	31,683	15,166	46,849
<b>Total Deferred Inflows of Resources:</b>	<b>1,390,799</b>	<b>15,166</b>	<b>1,405,965</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	32,583,035	14,247,988	46,831,023
Restricted For:			
Capital Projects	1,799,066	0	1,799,066
Debt Service	121,419	0	121,419
Security of Persons	336,829	0	336,829
Transportation	741,275	0	741,275
Leisure Time Activities	98,014	0	98,014
Unrestricted (Deficit)	(4,539,258)	4,802,704	263,446
<b>Total Net Position</b>	<b>\$ 31,140,380</b>	<b>\$ 19,050,692</b>	<b>\$ 50,191,072</b>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2015**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 5,380,059	\$ 493,602	\$ 6,335	\$ 1,037
Public Health and Welfare Services	55,970	0	0	0
Leisure Time Activities	1,220,510	452,803	0	1,238
Community Environment	257,150	28,809	0	0
Transportation	1,863,500	23,254	688,755	4,407
General Government	1,385,688	21,269	0	2,310
Interest and Fiscal Charges	81,723	0	0	0
<b>Total Governmental Activities</b>	<b>10,244,600</b>	<b>1,019,737</b>	<b>695,090</b>	<b>8,992</b>
<b>Business-Type Activities:</b>				
Water	1,878,912	2,488,561	0	0
Sewer	2,060,955	2,193,124	0	0
<b>Total Business-Type Activities</b>	<b>3,939,867</b>	<b>4,681,685</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 14,184,467</b>	<b>\$ 5,701,422</b>	<b>\$ 695,090</b>	<b>\$ 8,992</b>

**General Revenues:**

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

Change in Net Position

Net Position Beginning of Year, Restated

Net Position End of Year

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,879,085)	\$ 0	\$ (4,879,085)
(55,970)	0	(55,970)
(766,469)	0	(766,469)
(228,341)	0	(228,341)
(1,147,084)	0	(1,147,084)
(1,362,109)	0	(1,362,109)
(81,723)	0	(81,723)
<u>(8,520,781)</u>	<u>0</u>	<u>(8,520,781)</u>
0	609,649	609,649
0	132,169	132,169
0	741,818	741,818
<u>(8,520,781)</u>	<u>741,818</u>	<u>(7,778,963)</u>
1,173,389	0	1,173,389
6,023,648	0	6,023,648
1,684	0	1,684
447,701	0	447,701
137,416	14,410	151,826
120,042	0	120,042
<u>7,903,880</u>	<u>14,410</u>	<u>7,918,290</u>
(616,901)	756,228	139,327
<u>31,757,281</u>	<u>18,294,464</u>	<u>50,051,745</u>
<u>\$ 31,140,380</u>	<u>\$ 19,050,692</u>	<u>\$ 50,191,072</u>

**CITY OF HEATH, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2015**

	General	Fire Levy	Capital Improvement
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 118,264	\$ 312,117	\$ 81,197
Investments	2,496,370	0	1,719,782
Receivables:			
Taxes	1,352,737	571,338	0
Accounts	17,651	0	0
Intergovernmental	67,404	24,719	0
Inventory of Supplies, at Cost	40,772	0	0
Prepaid Items	51,368	1,444	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	0
<b>Total Assets</b>	<b>\$ 4,144,566</b>	<b>\$ 909,618</b>	<b>\$ 1,800,979</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 26,556	\$ 16,683	\$ 1,913
Accrued Wages and Benefits Payable	160,525	19,943	0
Intergovernmental Payable	0	0	0
<b>Total Liabilities</b>	<b>187,081</b>	<b>36,626</b>	<b>1,913</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	159,138	34,174	0
Property Tax Levy for Next Year	630,723	561,883	0
<b>Total Deferred Inflows of Resources</b>	<b>789,861</b>	<b>596,057</b>	<b>0</b>
<b>Fund Balances:</b>			
Nonspendable	92,140	1,444	0
Restricted	0	275,491	0
Committed	0	0	1,799,066
Assigned	553,846	0	0
Unassigned	2,521,638	0	0
<b>Total Fund Balances</b>	<b>3,167,624</b>	<b>276,935</b>	<b>1,799,066</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,144,566</b>	<b>\$ 909,618</b>	<b>\$ 1,800,979</b>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 741,900	\$ 1,253,478
0	4,216,152
208,004	2,132,079
0	17,651
256,267	348,390
76,039	116,811
10,016	62,828
<u>44,093</u>	<u>44,093</u>
<u>\$ 1,336,319</u>	<u>\$ 8,191,482</u>
\$ 3,643	\$ 48,795
32,193	212,661
606	606
<u>36,442</u>	<u>262,062</u>
218,114	411,426
166,510	1,359,116
<u>384,624</u>	<u>1,770,542</u>
86,055	179,639
700,111	975,602
129,087	1,928,153
0	553,846
0	2,521,638
<u>915,253</u>	<u>6,158,878</u>
<u>\$ 1,336,319</u>	<u>\$ 8,191,482</u>

***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2015***

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<b>Total Governmental Fund Balances</b>	\$ 6,158,878
 <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.	35,314,580
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.	411,426
Long-term liabilities, including bonds payable and interest, are not due and payable in the current period and therefore are not reported in the funds.	(3,402,516)
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.	(7,312,334)
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. This is the balance that is recorded in the governmental activities.	<u>(29,654)</u>
<b><i>Net Position of Governmental Activities</i></b>	<b><u>\$ 31,140,380</u></b>

See accompanying notes to the basic financial statements



**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2015**

	General	Fire Levy	Capital Improvement
<b>Revenues:</b>			
Taxes	\$ 6,252,707	\$ 483,740	\$ 0
Intergovernmental Revenues	396,689	54,031	8,992
Charges for Services	429,763	0	0
Licenses and Permits	28,924	0	0
Investment Earnings	136,360	684	0
Fines and Forfeitures	14,221	0	0
All Other Revenue	120,042	780	35,480
<b>Total Revenues</b>	<u>7,378,706</u>	<u>539,235</u>	<u>44,472</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	4,201,606	1,039,366	34,778
Public Health and Welfare Services	55,970	0	0
Leisure Time Activities	553,178	0	41,537
Community Environment	292,709	0	0
Transportation	0	0	129,485
General Government	1,302,020	0	79,387
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<u>6,405,483</u>	<u>1,039,366</u>	<u>285,187</u>
Excess (Deficiency) of Revenues Over Expenditures	973,223	(500,131)	(240,715)
<b>Other Financing Sources (Uses):</b>			
Capital Lease Initiated	0	435,678	0
Transfers In	0	0	0
Transfers Out	(785,000)	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(785,000)</u>	<u>435,678</u>	<u>0</u>
Net Change in Fund Balances	188,223	(64,453)	(240,715)
<b>Fund Balances at Beginning of Year</b>	2,985,062	341,388	2,039,781
Decrease in Inventory Reserve	(5,661)	0	0
<b>Fund Balances End of Year</b>	<u>\$ 3,167,624</u>	<u>\$ 276,935</u>	<u>\$ 1,799,066</u>

See accompanying notes to the basic financial statements



**CITY OF HEATH, OHIO**

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<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 466,401	\$ 7,202,848
742,053	1,201,765
432,218	861,981
0	28,924
372	137,416
54,098	68,319
24,253	180,555
<u>1,719,395</u>	<u>9,681,808</u>
517,248	5,792,998
0	55,970
406,980	1,001,695
0	292,709
1,311,276	1,440,761
0	1,381,407
382,906	382,906
76,542	76,542
<u>2,694,952</u>	<u>10,424,988</u>
(975,557)	(743,180)
0	435,678
785,000	785,000
0	(785,000)
<u>785,000</u>	<u>435,678</u>
(190,557)	(307,502)
1,128,330	6,494,561
(22,520)	(28,181)
<u>\$ 915,253</u>	<u>\$ 6,158,878</u>

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2015***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (307,502)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay. (243,135)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (1,028)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (54,109)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 747,292

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (828,922)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term consumes current financial resources of governmental funds, however neither has any effect on net position. (52,772)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (5,181)

Some expenses reported in the statement of activities, such as change in inventory and compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 21,925

The Internal Service Fund is used to charge the cost of services (e.g. insurance) to individual funds and is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the City's Internal Service Fund is allocated among the governmental activities. 106,531

***Change in Net Position of Governmental Activities*** \$ (616,901)

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 5,838,196	\$ 5,838,196	\$ 6,183,513	\$ 345,317
Intergovernmental Revenue	370,412	370,412	392,321	21,909
Charges for Services	405,763	405,763	429,763	24,000
Licenses and Permits	27,309	27,309	28,924	1,615
Investment Earnings	67,336	67,336	71,319	3,983
Fines and Forfeitures	13,275	13,275	14,060	785
All Other Revenues	113,338	113,338	120,042	6,704
Total Revenues	<u>6,835,629</u>	<u>6,835,629</u>	<u>7,239,942</u>	<u>404,313</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,086,969	4,434,834	4,237,384	197,450
Public Health and Welfare Services	55,970	55,970	55,970	0
Leisure Time Activities	691,443	726,791	578,420	148,371
Community Environment	301,170	341,392	305,247	36,145
General Government	1,411,916	1,508,155	1,318,074	190,081
Total Expenditures	<u>6,547,468</u>	<u>7,067,142</u>	<u>6,495,095</u>	<u>572,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	288,161	(231,513)	744,847	976,360
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(623,000)</u>	<u>(785,000)</u>	<u>(785,000)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(623,000)</u>	<u>(785,000)</u>	<u>(785,000)</u>	<u>0</u>
Net Change in Fund Balance	(334,839)	(1,016,513)	(40,153)	976,360
Fund Balance at Beginning of Year	2,510,526	2,510,526	2,510,526	0
Prior Year Encumbrances	91,705	91,705	91,705	0
Fund Balance at End of Year	<u>\$ 2,267,392</u>	<u>\$ 1,585,718</u>	<u>\$ 2,562,078</u>	<u>\$ 976,360</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Fire Levy Fund  
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 497,020	\$ 497,020	\$ 483,740	\$ (13,280)
Intergovernmental Revenue	55,514	55,514	54,031	(1,483)
Investment Earnings	703	703	684	(19)
All Other Revenues	185	185	180	(5)
Total Revenues	<u>553,422</u>	<u>553,422</u>	<u>538,635</u>	<u>(14,787)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	598,732	1,167,909	1,067,709	100,200
Total Expenditures	<u>598,732</u>	<u>1,167,909</u>	<u>1,067,709</u>	<u>100,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,310)	(614,487)	(529,074)	85,413
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	600	600
Capital Lease Initiated	0	0	435,678	435,678
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>436,278</u>	<u>436,278</u>
Net Change in Fund Balance	(45,310)	(614,487)	(92,796)	521,691
Fund Balance at Beginning of Year	355,538	355,538	355,538	0
Prior Year Encumbrances	4,119	4,119	4,119	0
Fund Balance at End of Year	<u>\$ 314,347</u>	<u>\$ (254,830)</u>	<u>\$ 266,861</u>	<u>\$ 521,691</u>

See accompanying notes to the basic financial statements



**Statement of Net Position  
Proprietary Funds  
December 31, 2015**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
<b>ASSETS:</b>				
Current assets:				
Cash and Cash Equivalents	\$ 91,008	\$ 134,579	\$ 225,587	\$ 43,213
Investments	1,927,599	2,850,459	4,778,058	0
Receivables:				
Accounts	312,445	323,764	636,209	0
Inventory of Supplies at Cost	52,656	7,674	60,330	0
Prepaid Items	13,365	13,470	26,835	0
Total current assets	<u>2,397,073</u>	<u>3,329,946</u>	<u>5,727,019</u>	<u>43,213</u>
Noncurrent assets:				
Non-Depreciable Capital Assets	798,906	91,947	890,853	0
Depreciable Capital Assets, Net	11,223,680	10,140,891	21,364,571	0
Total noncurrent assets	<u>12,022,586</u>	<u>10,232,838</u>	<u>22,255,424</u>	<u>0</u>
Total Assets	<u>14,419,659</u>	<u>13,562,784</u>	<u>27,982,443</u>	<u>43,213</u>
<b>Deferred Outflows of Resources:</b>				
Pension	<u>72,844</u>	<u>74,042</u>	<u>146,886</u>	<u>0</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	21,238	42,223	63,461	0
Accrued Wages and Benefits Payable	21,446	22,519	43,965	0
Claims Payable	0	0	0	84,782
Accrued Interest Payable	13,628	0	13,628	0
Capital Leases Payable - Current	86,825	0	86,825	0
General Obligation Bonds Payable - Current	425,000	0	425,000	0
OWDA Loans Payable - Current	0	319,398	319,398	0
OPWC Loans Payable - Current	14,684	3,476	18,160	0
Compensated Absences Payable - Current	9,163	5,252	14,415	0
Total current liabilities	<u>591,984</u>	<u>392,868</u>	<u>984,852</u>	<u>84,782</u>

**CITY OF HEATH, OHIO**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
<b>Noncurrent liabilities:</b>				
Capital Leases Payable	373,175	0	373,175	0
General Obligation Bonds Payable	1,735,000	0	1,735,000	0
OWDA Loans Payable	0	4,732,872	4,732,872	0
OPWC Loans Payable	242,295	74,711	317,006	0
Compensated Absences Payable	30,355	41,264	71,619	0
Net Pension Liability	420,118	416,914	837,032	0
Total noncurrent liabilities	<u>2,800,943</u>	<u>5,265,761</u>	<u>8,066,704</u>	<u>0</u>
Total Liabilities	<u>3,392,927</u>	<u>5,658,629</u>	<u>9,051,556</u>	<u>84,782</u>
<b>Deferred Inflows of Resources:</b>				
Pension	<u>7,521</u>	<u>7,645</u>	<u>15,166</u>	<u>0</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	9,145,607	5,102,381	14,247,988	0
Unrestricted	<u>1,946,448</u>	<u>2,868,171</u>	<u>4,814,619</u>	<u>(41,569)</u>
Total net position	<u>\$ 11,092,055</u>	<u>\$ 7,970,552</u>	<u>19,062,607</u>	<u>\$ (41,569)</u>
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	<u>(11,915)</u>
			Net Position of Business-type Activities	<u>\$ 19,050,692</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2015**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Enterprise Funds			
	Water	Sewer	Total Enterprise Funds	
<b>Operating Revenues:</b>				
Charges for Services	\$ 2,484,215	\$ 2,192,727	\$ 4,676,942	\$ 965,990
Other Operating Revenue	4,346	397	4,743	290,444
<b>Total Operating Revenues</b>	<u>2,488,561</u>	<u>2,193,124</u>	<u>4,681,685</u>	<u>1,256,434</u>
<b>Operating Expenses:</b>				
Personal Services	685,540	666,298	1,351,838	0
Contractual Services	499,082	739,314	1,238,396	0
Materials and Supplies	173,469	53,695	227,164	0
Health Claims Expense	0	0	0	1,122,207
Depreciation	462,888	433,939	896,827	0
<b>Total Operating Expenses</b>	<u>1,820,979</u>	<u>1,893,246</u>	<u>3,714,225</u>	<u>1,122,207</u>
<b>Operating Income</b>	667,582	299,878	967,460	134,227
<b>Non-operating Revenue (Expenses):</b>				
Investment Earnings	0	14,410	14,410	0
Interest and Fiscal Charges	(72,947)	(180,391)	(253,338)	0
<b>Total Non-operating Revenues (Expenses)</b>	<u>(72,947)</u>	<u>(165,981)</u>	<u>(238,928)</u>	<u>0</u>
<b>Change in Net Position</b>	594,635	133,897	728,532	134,227
<b>Net Position Beginning of Year, Restated</b>	<u>10,497,420</u>	<u>7,836,655</u>	<u>18,334,075</u>	<u>(175,796)</u>
<b>Net Position End of Year</b>	<u>\$ 11,092,055</u>	<u>\$ 7,970,552</u>	<u>19,062,607</u>	<u>\$ (41,569)</u>
			Change in Net Position - Total Enterprise Funds	728,532
			Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.	<u>27,696</u>
			Change in Net Position - Business-type Activities	<u>\$ 756,228</u>

See accompanying notes to the basic financial statements





**CITY OF HEATH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2015**

	Business-Type Activities Enterprise Funds			Governmental- Activities Internal Service Fund
	Water	Sewer	Total	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,462,819	\$2,138,141	\$4,600,960	\$965,990
Cash Payments for Goods and Services	(691,859)	(766,392)	(1,458,251)	(1,234,989)
Cash Payments to Employees	(688,874)	(660,398)	(1,349,272)	0
Other Operating Cash Receipts	4,346	397	4,743	290,444
Net Cash Provided by Operating Activities	1,086,432	711,748	1,798,180	21,445
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal Paid on General Obligation Bonds	(410,000)	0	(410,000)	0
Capital Lease Initiated	460,000	0	460,000	0
Acquisition and Construction of Assets	(534,979)	(97,592)	(632,571)	0
Principal Paid on Ohio Water Development Authority Loans	0	(308,533)	(308,533)	0
Principal Paid on Ohio Public Works Commission Loans	(14,684)	(3,476)	(18,160)	0
Interest Paid on All Debt	(64,712)	(180,391)	(245,103)	0
Net Cash Used for Capital and Related Financing Activities	(564,375)	(589,992)	(1,154,367)	0
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(440,935)	(768)	(441,703)	0
Receipts of Interest	0	59	59	0
Net Cash Used for Investing Activities	(440,935)	(709)	(441,644)	0
Net Increase in Cash and Cash Equivalents	81,122	121,047	202,169	21,445
Cash and Cash Equivalents at Beginning of Year	9,886	13,532	23,418	21,768
Cash and Cash Equivalents at End of Year	\$91,008	\$134,579	\$225,587	\$43,213

**CITY OF HEATH, OHIO**

	Business-Type Activities Enterprise Funds			Governmental- Activities Internal Service Fund
	Water	Sewer	Total	
<u>Reconciliation of Operating Income to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income	\$667,582	\$299,878	\$967,460	\$134,227
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	462,888	433,939	896,827	0
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(21,396)	(54,586)	(75,982)	0
(Increase) Decrease in Inventory	(9,329)	931	(8,398)	0
Decrease in Prepaid Items	3,990	9,546	13,536	0
Increase in Deferred Outflows - Pension	(72,844)	(74,042)	(146,886)	0
Increase (Decrease) in Accounts Payable	(13,489)	16,437	2,948	0
Decrease in Health Claims Payable	0	0	0	(112,782)
Increase (Decrease) in Accrued Wages and Benefits Payable	(2,977)	1,931	(1,046)	0
Decrease in Intergovernmental Payable	(480)	(108)	(588)	0
Increase in Compensated Absences Payable	2,288	6,468	8,756	0
Increase in Deferred Inflows - Pension	7,521	7,645	15,166	0
Increase in Net Pension Liability	62,678	63,709	126,387	0
Total Adjustments	418,850	411,870	830,720	(112,782)
Net Cash Provided by Operating Activities	\$1,086,432	\$711,748	\$1,798,180	\$21,445

See accompanying notes to the basic financial statements

**Statement of Net Position  
Fiduciary Fund  
December 31, 2015**

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	Private Purpose Trust
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 5,366
<b>Total Assets</b>	<u>5,366</u>
<b>Liabilities:</b>	
<b>Total Liabilities</b>	<u>0</u>
<b>Net Position:</b>	
Unrestricted	5,366
<b>Total Net Position</b>	<u>\$ 5,366</u>

See accompanying notes to the basic financial statements

**CITY OF HEATH, OHIO**

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**Statement of Changes in Net Position  
Fiduciary Fund  
For the Year Ended December 31, 2015**

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	Private Purpose Trust
<b>Additions:</b>	
Total Additions	\$ 0
<b>Deductions:</b>	
Total Deductions	0
Change in Net Position	0
Net Position at Beginning of Year	5,366
Net Position End of Year	\$ 5,366

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

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

The financial statements are presented as of December 31, 2015 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

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

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures (expenses). The following fund types are used by the City:

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

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

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

Fire Levy Fund – This fund is used to account for property tax collected and designated for the operations of the Fire Department.

Capital Improvement Fund – This fund is used to account for financial resources used for the major capital projects undertaken by the City.

***Proprietary Funds*** - All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's two major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Internal Service Fund - This fund is used to account for health insurance services provided to other departments or agencies of the governmental unit on a cost-reimbursement basis.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The City's only fiduciary fund is a private-purpose trust that accounts for unclaimed monies.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

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

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

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

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

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

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

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

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

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

Property taxes measurable as of December 31, 2015 but which are not intended to finance 2015 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 6.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

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

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

**E. Budgetary Process**

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

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

**1. Estimated Resources**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2015.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

**E. Budgetary Process (Continued)**

**2. Appropriations**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level and may be modified during the year by Ordinance of City Council. Total fund appropriations may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. During 2015, several supplemental appropriations were necessary to budget for unanticipated expenditures. Administrative control is maintained through the establishment of more detailed line-item budgets. Funds may be moved from one line-item account to another within the same object without approval of City Council. The City Auditor maintains an accounting of the line-item expenditures to insure that the total expenditures within a department by object do not exceed approved appropriations. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures, which appear on the budgetary statements, are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

**3. Lapsing of Appropriations**

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

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

**E. Budgetary Process (Continued)**

4. Budgetary Basis of Accounting

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Fire Levy Fund is shown below:

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis (as reported)	\$188,223	(\$64,453)
Increase (Decrease):		
Accrued Revenues at December 31, 2015 received during 2016	(639,417)	0
Accrued Revenues at December 31, 2014 received during 2015	500,653	0
Accrued Expenditures at December 31, 2015 paid during 2016	187,081	36,626
Accrued Expenditures at December 31, 2014 paid during 2015	(229,221)	(19,460)
2014 Prepays for 2015	64,966	1,191
2015 Prepays for 2016	(51,368)	(1,444)
Outstanding Encumbrances	(61,070)	(45,256)
Budget Basis	<u>(\$40,153)</u>	<u>(\$92,796)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

**F. Cash and Cash Equivalents**

During fiscal year 2015, cash and cash equivalents included amounts in demand deposits, certificates of deposit, U.S. Treasury Money Market accounts in Fifth-Third and Huntington National Bank investment accounts.

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

**G. Investments**

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

**H. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental fund when purchased and as expenses in the proprietary funds when used.

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

**J. Capital Assets and Depreciation**

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

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

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

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

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

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

Proprietary funds capital assets are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. Proprietary funds capital assets are similar to Governmental Activities capital assets with the exception of the infrastructure. Proprietary infrastructure consists of water and sewer lines. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

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

3. Depreciation

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

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

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

**K. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund, Water Fund
Capital Leases	Street Construction, Maintenance and Repair Fund, Fire Levy Fund, Law Enforcement Trust Fund, Water Fund
Ohio Water Development Authority Loans	Sewer Fund
Ohio Public Works Commission Loan	Water Fund Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Fire Levy Fund Water Fund Sewer Fund

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

**L. Compensated Absences**

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

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

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

**M. Restricted Assets**

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

**N. Pensions**

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

**O. Operating Revenues and Expenses**

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

**P. Self-Funded Insurance**

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

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Flows of cash or goods from one fund to another with a requirement for repayment are reported as Interfund Loans Receivable/Payable. There were no outstanding interfund loans at December 31, 2015. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

**R. Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

**R. Fund Balance (Continued)**

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

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

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

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

**S. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction and improvement of those assets, increased by unspent debt proceeds which existed at December 31, 2015. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported for pension amounts (See Note 10). The amounts are reported in the government-wide and proprietary statements of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position. See Note 10.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

In 2015 the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure.

The implementation of GASB 68 had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Net Position December 31, 2014	\$38,987,985	\$19,005,109	\$10,854,860	\$8,189,860
Adjustments:				
Net Pension Liability	(7,976,978)	(813,735)	(409,292)	(404,443)
Deferred Outflows - Payments Subsequent to Measurement Date	746,274	103,090	51,852	51,238
Restated Net Position December 31, 2014	<u>\$31,757,281</u>	<u>\$18,294,464</u>	<u>\$10,497,420</u>	<u>\$7,836,655</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

**NOTE 3 – FUND BALANCE CLASSIFICATION**

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

Fund Balances	General	Fire Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$51,368	\$1,444	\$0	\$10,016	\$62,828
Supplies Inventory	40,772	0	0	76,039	116,811
Total Nonspendable	<u>92,140</u>	<u>1,444</u>	<u>0</u>	<u>86,055</u>	<u>179,639</u>
Restricted:					
Transportation Projects	0	0	0	508,123	508,123
Park Maintenance	0	0	0	91,698	91,698
Law Enforcement	0	0	0	88,481	88,481
Fire Department	0	275,491	0	11,809	287,300
Total Restricted	<u>0</u>	<u>275,491</u>	<u>0</u>	<u>700,111</u>	<u>975,602</u>
Committed:					
Debt Service	0	0	0	128,189	128,189
Swimming Pool	0	0	0	898	898
Capital Improvements	0	0	1,799,066	0	1,799,066
Total Committed	<u>0</u>	<u>0</u>	<u>1,799,066</u>	<u>129,087</u>	<u>1,928,153</u>
Assigned:					
Goods and Services	60,338	0	0	0	60,338
Excess Appropriations FY 2016	493,508	0	0	0	493,508
Total Assigned	<u>553,846</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>553,846</u>
Unassigned	<u>2,521,638</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,521,638</u>
Total Fund Balances	<u>\$3,167,624</u>	<u>\$276,935</u>	<u>\$1,799,066</u>	<u>\$915,253</u>	<u>\$6,158,878</u>

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

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

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

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

Delinquent Income Tax Revenue	\$104,252
Delinquent Property Tax Revenue	18,407
Shared Revenues	<u>288,767</u>
	<u>\$411,426</u>

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

General Obligation Bonds Payable	(\$2,285,000)
Capital Leases Payable	(446,545)
Accrued Interest on Long-Term Debt	(12,243)
Compensated Absences Payable	<u>(658,728)</u>
	<u>(\$3,402,516)</u>

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

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

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

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

Capital Outlay	\$776,640
Depreciation Expense	(1,019,775)
	<u>(\$243,135)</u>

*Governmental revenues not reported in the funds:*

Increase in Delinquent Income Tax Revenue	(\$693)
Decrease in Delinquent Property Tax	(3,434)
Increase in Shared Revenue	(49,982)
	<u>(\$54,109)</u>

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

General Obligation Bond Principal	\$355,000
Capital Lease Initiated	(435,678)
Capital Lease Payments	27,906
	<u>(\$52,772)</u>

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

Increase in Compensated Absences Payable	\$50,106
Increase in supplies inventory	(28,181)
	<u>\$21,925</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

- 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;
- Time certificates of deposit or savings or deposit accounts including, but not limited to passbook accounts;
- Bonds and other obligations of the State of Ohio or Ohio local governments;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**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 City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The City 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 City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

At year end the carrying amount of the City’s deposits was \$1,527,644 and the bank balance was \$1,775,807. Federal depository insurance covered \$500,000 of the bank balance. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$1,275,807</u>
Total Balance	<u><u>\$1,275,807</u></u>

**B. Investments**

The City’s investments at December 31, 2015 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
FNMA	\$419,460	AA+	\$0	\$419,460	\$0
FHLB	514,319	AA+	0	383,482	130,837
FHLMC	2,670,351	AA+	0	1,919,496	750,855
FFCB	787,238	AA+	0	787,238	0
Negotiable C/D's	4,602,842	AAA <sup>1</sup>	1,248,847	1,322,017	2,031,978
Total Investments	<u><u>\$8,994,210</u></u>		<u><u>\$1,248,847</u></u>	<u><u>\$4,831,693</u></u>	<u><u>\$2,913,670</u></u>

\*- Credit rating from Standard & Poor’s

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City has no policy on interest rate risk and is governed by Ohio Revised Code as described under Deposits.

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

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 4.7% are FNMA, 5.7% are FHLB, 29.7% are FHLMC, 8.8% are FFCB and 51.1% 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 City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

**C. Cash With Fiscal Agent**

The City has uninsured and uncollateralized cash in the amount of \$44,093 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

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

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

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per GASB Statement No. 9	<u>\$1,527,644</u>	<u>\$8,994,210</u>
Per GASB Statement No. 3	<u>\$1,527,644</u>	<u>\$8,994,210</u>

\* Does not include cash with fiscal agent.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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**NOTE 6 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed in 2015. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as the real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Heath. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2015 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2015 levy was based was \$261,546,140. This amount constitutes \$252,035,020 in real property assessed value and \$9,511,120 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .640% (6.40 mills) of assessed value.

Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. In the General Fund, Fire Levy Fund, Fire Pension Fund and Police Pension Fund, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is recorded as a deferred inflow of resources.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**NOTE 6 - TAXES (Continued)**

**B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2015 consisted of taxes, accounts receivables and intergovernmental receivables arising from shared revenues.

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2015:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$785,000
Other Governmental Funds	785,000	0
Totals	<u>\$785,000</u>	<u>\$785,000</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to transfer capital assets. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2015:

**Historical Cost:**

Class	December 31, 2014	Additions	Deletions	December 31, 2015
<b>Non-Depreciable Capital Assets:</b>				
Land	\$10,075,521	\$0	\$0	\$10,075,521
Construction in Progress	4,500	0	0	4,500
Subtotal	10,080,021	0	0	10,080,021
<b>Depreciable Capital Assets:</b>				
Buildings	6,515,070	0	0	6,515,070
Improvements other than Buildings	3,989,139	3,814	0	3,992,953
Machinery and Equipment	6,193,794	747,014	(15,679)	6,925,129
Infrastructure	28,684,830	25,812	0	28,710,642
Subtotal	45,382,833	776,640	(15,679)	46,143,794
Total Cost	\$55,462,854	\$776,640	(\$15,679)	\$56,223,815

**Accumulated Depreciation:**

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	(\$3,140,066)	(\$140,864)	\$0	(\$3,280,930)
Improvements other than Buildings	(2,255,713)	(188,481)	0	(2,444,194)
Machinery and Equipment	(4,397,215)	(224,929)	14,651	(4,607,493)
Infrastructure	(10,111,117)	(465,501)	0	(10,576,618)
Total Depreciation	(\$19,904,111)	(\$1,019,775) *	\$14,651	(\$20,909,235)
<b>Net Value:</b>	\$35,558,743			\$35,314,580

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

Security of Persons and Property	\$208,029
Leisure Time Activities	268,397
Community Environment	11,562
Transportation	509,959
General Government	21,828
Total Depreciation Expense	\$1,019,775

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

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

Summary by Category at December 31, 2015:

**Historical Cost:**

Class	December 31, 2014	Additions	Deletions	December 31, 2015
<b>Non-Depreciable Capital Assets:</b>				
Land	\$397,374	\$0	\$0	\$397,374
Construction in Progress	1,398,708	493,479	(1,398,708)	493,479
Subtotal	1,796,082	493,479	(1,398,708)	890,853
<b>Depreciable Capital Assets:</b>				
Buildings	15,619,517	1,398,708	0	17,018,225
Improvements Other Than Buildings	3,922,977	0	0	3,922,977
Machinery and Equipment	5,884,972	109,062	(148,829)	5,845,205
Infrastructure	17,326,586	0	0	17,326,586
Subtotal	42,754,052	1,507,770	(148,829)	44,112,993
Total Cost	\$44,550,134	\$2,001,249	(\$1,547,537)	\$45,003,846

**Accumulated Depreciation:**

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	(\$6,833,959)	(\$326,254)	\$0	(\$7,160,213)
Improvements Other Than Buildings	(1,359,745)	(113,591)	0	(1,473,336)
Machinery and Equipment	(4,740,913)	(122,762)	148,829	(4,714,846)
Infrastructure	(9,065,807)	(334,220)	0	(9,400,027)
Total Depreciation	(\$22,000,424)	(\$896,827)	\$148,829	(\$22,748,422)
<b>Net Value:</b>	\$22,549,710			\$22,255,424

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>
<b>2015 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2015 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$311,477 for 2015.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

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

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

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

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

	<u>Police</u>	<u>Firefighters</u>
<b>2015 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
<b>2015 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$536,641 for 2015.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,666,713	\$6,577,995	\$9,244,708
Proportion of the Net Pension Liability	0.022110%	0.1269781%	
Pension Expense	\$295,001	\$629,414	\$924,415

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$142,288	\$283,505	\$425,793
City contributions subsequent to the measurement date	<u>311,477</u>	<u>536,641</u>	<u>848,118</u>
Total Deferred Outflows of Resources	<u>\$453,765</u>	<u>\$820,146</u>	<u>\$1,273,911</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	<u>\$46,849</u>	<u>\$0</u>	<u>\$46,849</u>

\$848,118 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2016	\$13,956	\$70,877	\$84,833
2017	13,956	70,876	84,832
2018	31,956	70,876	102,832
2019	<u>35,571</u>	<u>70,876</u>	<u>106,447</u>
Total	<u>\$95,439</u>	<u>\$283,505</u>	<u>\$378,944</u>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$4,905,988	\$2,666,713	\$718,704

**Actuarial Assumptions – OPF**

OPF’s total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

\* levered 2x

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$9,098,362	\$6,577,995	\$4,444,010

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The City's contributions for health care to the OPERS for the years ending December 31, 2015, 2014, and 2013 were \$51,957, \$54,513 and \$26,881, respectively, which were equal to the required contributions for each year.

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”) (Continued)**

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at [www.op-f.org](http://www.op-f.org).

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City’s contributions for health care to the OP&F for the years ending December 31, 2015, 2014, and 2013 were \$6,494, \$6,384 and \$55,963 for police and \$6,168, \$6,150 and \$54,872 for firefighters, respectively, which were equal to the required contributions for each year.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**NOTE 12 – COMPENSATED ABSENCES**

The City accrues a liability for accumulated unpaid sick, vacation, and compensatory time when earned by employees. Employees earn sick and vacation leave at varying rates based upon length of service. Upon retirement, an employee with ten or more years of service with the City will be compensated for their accumulated sick leave at a rate of 50% of the balance.

At December 31, 2015, the City's accumulated, unpaid compensated absences amounted to \$744,762. Of this amount, \$658,728 is recorded as Governmental Activities on the Entity Wide Statement of Net Position (\$62,936 is reported as due within one year), \$86,034 is recorded as Business-type activities (\$14,415 is reported as due within one year).

**NOTE 13 - CAPITAL LEASES**

The City is party to three leases accounted for as capital leases; 1) for a Durapatcher (roadway spray patching machine) 2) for a FlexNet Advanced Metering System (water meters) and 3) for a Fire Truck. The cost of the equipment obtained under the lease agreements (\$525,026) is included in the Governmental Activities capital assets as machinery and equipment and (\$460,000) is included in Business Type Activities as construction in progress. The liabilities for these leases are recorded on the Statement of Net Position as due within one year and due in more than one year. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2015:

Year Ending December 31,	Governmental Activities	Business Type Activities
2016	\$107,207	\$100,107
2017	95,531	100,107
2018	95,531	100,107
2019	95,531	100,107
2020	95,531	100,107
Minimum Lease Payments	<u>489,331</u>	<u>500,535</u>
Less amount representing interest at the City's incremental borrowing rate of interest	(42,786)	(40,535)
Present value of minimum lease payments	<u><u>\$446,545</u></u>	<u><u>\$460,000</u></u>

**NOTE 14 - COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit Fund Equity**

The fund deficit of \$41,569 in the Internal Service Fund arose from the recognition of liabilities under the accrual basis of accounting. Transfers are provided when cash is required, not when accruals occur.

**B. Compliance**

The City had appropriations exceeding estimated resources contrary to Ohio Revised Code Section 5705.39 within the Fire Levy Fund, County \$5 Permissive License Tax Fund and the Municipal Motor Vehicle License Tax Fund by \$254,830, \$93,324 and \$38,181, respectively.

**CITY OF HEATH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

**NOTE 15 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2015 were as follows:

	Original Liability		Restated Balance December 31, 2014	Additions	(Reductions)	Balance December 31, 2015	Amounts Due Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
2.00 - 3.63% Swimming Pool Refunding	\$1,325,000	2022	\$980,000	\$0	(\$115,000)	\$865,000	\$115,000
2.00 - 3.00% S.R. 79 Refunding	1,300,000	2023	1,145,000	0	(120,000)	1,025,000	115,000
1.20 - 3.50% Fire Station Refunding	1,195,000	2018	515,000	0	(120,000)	395,000	130,000
Total General Obligation Bonds			<u>2,640,000</u>	<u>0</u>	<u>(355,000)</u>	<u>2,285,000</u>	<u>360,000</u>
Net Pension Liability:							
Ohio Public Employees Retirement System			1,792,746	36,935	0	1,829,681	0
Ohio Police and Fire Pension System			6,184,232	393,763	0	6,577,995	0
Total General Net Pension Liability			<u>7,976,978</u>	<u>430,698</u>	<u>0</u>	<u>8,407,676</u>	<u>0</u>
Capital Leases	525,026		38,773	435,678	(27,906)	446,545	92,667
Compensated Absences			708,834	91,661	(141,767)	658,728	62,936
<b>Total Governmental Long-Term Debt</b>			<u>\$11,364,585</u>	<u>\$958,037</u>	<u>(\$524,673)</u>	<u>\$11,797,949</u>	<u>\$515,603</u>
<b>Business Type Activities:</b>							
General Obligation Bond:							
1.20 - 3.50% Water Refunding	\$2,100,000	2018	\$900,000	\$0	(\$215,000)	\$685,000	\$220,000
2.00 - 2.50% Franklin Ave. Waterline	555,000	2022	455,000	0	(55,000)	400,000	55,000
1.25 - 3.00% Water Plant Improvement	1,495,000	2022	1,215,000	0	(140,000)	1,075,000	150,000
Total General Obligation Bonds			<u>2,570,000</u>	<u>0</u>	<u>(410,000)</u>	<u>2,160,000</u>	<u>425,000</u>
Ohio Water Development Authority Loans:							
3.76% Loan SRF-4011	2,757,604	2024	1,732,145	0	(145,647)	1,586,498	151,175
3.25% Loan SRF-5657	4,110,016	2032	3,628,658	0	(162,886)	3,465,772	168,223
Total OWDA Loans			<u>5,360,803</u>	<u>0</u>	<u>(308,533)</u>	<u>5,052,270</u>	<u>319,398</u>
Ohio Public Works Commission Loans:							
0.00% Sewer Replacement & Expansion	104,256	2038	81,663	0	(3,476)	78,187	3,476
0.00% Water Main & Booster Station	293,690	2033	271,663	0	(14,684)	256,979	14,684
Total OPWC Loans			<u>353,326</u>	<u>0</u>	<u>(18,160)</u>	<u>335,166</u>	<u>18,160</u>
Net Pension Liability:							
Ohio Public Employees Retirement System			813,735	23,297	0	837,032	0
Capital Leases	460,000		0	460,000	0	460,000	86,825
Compensated Absences			77,278	31,939	(23,183)	86,034	14,415
<b>Total Business Type Long-Term Debt</b>			<u>\$9,175,142</u>	<u>\$515,236</u>	<u>(\$759,876)</u>	<u>\$8,930,502</u>	<u>\$863,798</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

**NOTE 15 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire long-term debt outstanding at December 31, 2015 were as follows:

Years	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$360,000	\$66,132	\$425,000	\$55,950
2017	365,000	57,056	435,000	46,375
2018	375,000	47,269	440,000	35,925
2019	250,000	36,594	205,000	24,350
2020	255,000	30,031	215,000	18,750
2021-2023	680,000	39,550	440,000	18,900
Totals	\$2,285,000	\$276,632	\$2,160,000	\$200,250

Years	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2016	\$319,398	\$169,526	\$18,160	\$0
2017	330,647	158,277	18,160	0
2018	342,295	146,629	18,160	0
2019	354,355	134,569	18,160	0
2020	366,842	122,082	18,160	0
2021-2025	1,826,184	409,019	90,800	0
2026-2030	1,239,712	157,813	90,800	0
2031-2035	272,837	6,668	61,432	0
2036-2038	0	0	1,334	0
Totals	\$5,052,270	\$1,304,583	\$335,166	\$0

**A. Defeased Debt**

In September 2009, the City refunded \$1,150,000 of General Obligation Bonds for Fire Station Improvements, through the issuance of \$1,195,000 of General Obligation Bonds. The net proceeds of the 2009 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$405,000 at December 31, 2015, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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**NOTE 15 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Defeased Debt (Continued)**

In September 2009, the City refunded \$2,025,000 of General Obligation Bonds for Water Improvements, through the issuance of \$2,100,000 of General Obligation Bonds. The net proceeds of the 2009 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$710,000 at December 31, 2015, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In April 2011, the City refunded \$1,200,000 of General Obligation Bonds for Swimming Pool Improvements, through the issuance of \$1,325,000 of General Obligation Bonds. The net proceeds of the 2011 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$830,000 at December 31, 2015, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In April 2012, the City refunded \$1,295,000 of General Obligation Bonds for State Route 79 Improvements, through the issuance of \$1,300,000 of General Obligation Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$995,000 at December 31, 2015, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

**B. OWDA Loans**

The City has various outstanding Ohio Water Development Authority Loans ranging from 3.25% - 5% for various wastewater treatment plant improvements. The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the loans outstanding. The loans are payable solely from sewer customer net revenues and are payable through 2024 and 2032 for the two separate loans outstanding.

**C. OPWC Loans**

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$397,946 borrowed from the Ohio Public Works Commission in 2008 and 2013. Proceeds from these loans provided for the improvement of sewer lines at the Heath-Newark-Licking County Port Authority and for Water Main & Booster Station Improvements. These loans were issued interest free.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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**NOTE 16 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City carries commercial insurance policies to cover comprehensive liability, official and employee errors and omissions, and property and equipment. There has been no significant reduction in insurance coverages from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three years.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs. The City of Heath is a member of the Ohio Municipal League (OML) Workers' Compensation Pool. The pool groups similar municipal employers to gain a greater discount in worker's compensation premiums for City employees. Section 4123.29 of the Ohio Revised Code, and the rules promulgated there under, permit the establishment of the employer group rating plan. Said plans pool and group the experience (payroll amounts and claims losses) of the participating employers in order to create a lower worker's compensation premium rate. The Ohio Municipal League (OML) as a sponsoring organization offers the plan to achieve lower workers' compensation premium rates for participants and to promote establishment of a safer working environment.

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, Medical Benefits Administrators, Inc., which monitors all claim payments. Excess loss coverage, provided by the American National/Bardon Insurance, becomes effective after \$45,000 per year per specific claim.

The claims liability of \$84,782 reported in the fund at December 31, 2015 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in fiscal years 2014 and 2015 were:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
2014	\$23,118	\$1,278,213	(\$1,103,767)	\$197,564
2015	197,564	1,122,207	(1,234,989)	84,782



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015***

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**NOTE 17 - CONTINGENCIES**

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**NOTE 18 – OTHER COMMITMENTS**

At December 31, 2015, the City's cash basis commitments for encumbrances were as follows:

<u>Project</u>	<u>Year-End Commitment</u>
General Fund	\$61,070
Fire Levy Fund	45,256
Capital Improvement Fund	66,824
Other Governmental Funds	16,946
Water Fund	124,724
Sewer Fund	83,708
Total	<u><u>\$398,528</u></u>



*REQUIRED SUPPLEMENTAL INFORMATION*

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**CITY OF HEATH, OHIO**

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

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**Ohio Public Employees Retirement System**

Year	<u>2013</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.022110%	0.022110%
City's proportionate share of the net pension liability (asset)	\$2,606,481	\$2,666,713
City's covered-employee payroll	\$2,688,115	\$2,751,733
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.96%	96.91%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%

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

**Ohio Police and Fire Pension Fund**

Year	<u>2013</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.1269781%	0.1269781%
City's proportionate share of the net pension liability (asset)	\$6,184,232	\$6,577,995
City's covered-employee payroll	\$3,249,567	\$2,549,882
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	190.31%	257.97%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

**CITY OF HEATH, OHIO**

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***Schedule of City Contributions  
Last Three Years***

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**Ohio Public Employees Retirement System**

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

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

**Ohio Police and Fire Pension Fund**

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$555,026	\$519,156	\$536,641
Contributions in relation to the contractually required contribution	<u>555,026</u>	<u>519,156</u>	<u>536,641</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$3,249,567	\$2,549,882	\$2,671,185
Contributions as a percentage of covered-employee payroll	17.08%	20.36%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Street Construction, Maintenance and Repair Fund**

To account for state levied and controlled gasoline tax and motor vehicle license fees designated for local street construction, maintenance and repair.

**State Highway Fund**

To account for the portion of the state gasoline tax and motor vehicle license fees designated for construction, maintenance and repair of state highways within the City.

**County \$5 Permissive License Tax Fund**

To account for permissive license tax received from the County for a project approved by the county engineer, or transfers to finance the project until completion whereupon reimbursement will be received.

**Swimming Pool Fund**

To account for revenues and expenditures related to the operations of the Heath Municipal Pool.

**Municipal Motor Vehicle License Tax Fund**

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repair.

**Fire Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for fire disability and pension.

**Police Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for police disability and pension.

**Law Enforcement Trust Fund**

To account for funds received by the police department for contraband, per state statute.

**Police Professional Training Fund**

To account for the cost of continuing professional training programs for police personnel.

(Continued)



***Special Revenue Funds***

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**Enforcement and Education Fund**

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

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

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

**Conn Memorial Trust Fund**

To account for money left to the City by the Conn family in trust for the operation and maintenance of the John C. Geller Park.

***Debt Service Fund***

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

**General Obligation Debt Service Fund**

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

**CITY OF HEATH, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 647,852	\$ 94,048	\$ 741,900
Receivables:			
Taxes	168,390	39,614	208,004
Intergovernmental	256,267	0	256,267
Inventory of Supplies, at Cost	76,039	0	76,039
Prepaid Items	10,016	0	10,016
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	44,093	0	44,093
<b>Total Assets</b>	<b>\$ 1,202,657</b>	<b>\$ 133,662</b>	<b>\$ 1,336,319</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 3,643	\$ 0	\$ 3,643
Accrued Wages and Benefits Payable	32,193	0	32,193
Intergovernmental Payable	606	0	606
<b>Total Liabilities</b>	<b>36,442</b>	<b>0</b>	<b>36,442</b>
<b>Deferred Inflows and Resources:</b>			
Unavailable Amounts	212,641	5,473	218,114
Property Tax Levy for Next Year	166,510	0	166,510
<b>Total Deferred Inflows of Resources</b>	<b>379,151</b>	<b>5,473</b>	<b>384,624</b>
<b>Fund Balances:</b>			
Nonspendable	86,055	0	86,055
Restricted	700,111	0	700,111
Committed	898	128,189	129,087
<b>Total Fund Balances</b>	<b>787,064</b>	<b>128,189</b>	<b>915,253</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,202,657</b>	<b>\$ 133,662</b>	<b>\$ 1,336,319</b>

**CITY OF HEATH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 143,158	\$ 323,243	\$ 466,401
Intergovernmental Revenues	742,053	0	742,053
Charges for Services	432,218	0	432,218
Investment Earnings	372	0	372
Fines and Forfeitures	54,098	0	54,098
All Other Revenue	24,253	0	24,253
<b>Total Revenue</b>	<u>1,396,152</u>	<u>323,243</u>	<u>1,719,395</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	517,248	0	517,248
Leisure Time Activities	406,980	0	406,980
Transportation	1,311,276	0	1,311,276
Debt Service:			
Principal Retirement	142,906	240,000	382,906
Interest and Fiscal Charges	32,092	44,450	76,542
<b>Total Expenditures</b>	<u>2,410,502</u>	<u>284,450</u>	<u>2,694,952</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,014,350)	38,793	(975,557)
<b>Other Financing Sources (Uses):</b>			
Transfers In	785,000	0	785,000
<b>Total Other Financing Sources (Uses)</b>	<u>785,000</u>	<u>0</u>	<u>785,000</u>
Net Change in Fund Balance	(229,350)	38,793	(190,557)
<b>Fund Balances at Beginning of Year</b>	1,038,934	89,396	1,128,330
Decrease in Inventory Reserve	(22,520)	0	(22,520)
<b>Fund Balances End of Year</b>	<u>\$ 787,064</u>	<u>\$ 128,189</u>	<u>\$ 915,253</u>

**CITY OF HEATH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2015**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 243,175	\$ 191,640	\$ 0	\$ 1,114
Receivables:				
Taxes	0	0	0	0
Intergovernmental	160,314	14,326	0	0
Inventory of Supplies, at Cost	74,402	0	0	1,637
Prepaid Items	6,235	0	0	3,781
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	44,093	0
<b>Total Assets</b>	<u>\$ 484,126</u>	<u>\$ 205,966</u>	<u>\$ 44,093</u>	<u>\$ 6,532</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 1,678	\$ 1,034	\$ 0	\$ 216
Accrued Wages and Benefits Payable	13,418	0	0	0
Intergovernmental Payable	130	0	0	0
<b>Total Liabilities</b>	<u>15,226</u>	<u>1,034</u>	<u>0</u>	<u>216</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	100,878	9,064	44,093	0
Property Tax Levy for Next Year	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<u>100,878</u>	<u>9,064</u>	<u>44,093</u>	<u>0</u>
<b>Fund Balances:</b>				
Nonspendable	80,637	0	0	5,418
Restricted	287,385	195,868	0	0
Committed	0	0	0	898
<b>Total Fund Balances</b>	<u>368,022</u>	<u>195,868</u>	<u>0</u>	<u>6,316</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 484,126</u>	<u>\$ 205,966</u>	<u>\$ 44,093</u>	<u>\$ 6,532</u>

**CITY OF HEATH, OHIO**

Municipal Motor Vehicle License Tax	Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training	Enforcement and Education
\$ 0	\$ 19,360	\$ 26,169	\$ 64,214	\$ 601	\$ 9,516
0	84,195	84,195	0	0	0
74,612	3,492	3,492	0	0	31
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 74,612</u>	<u>\$ 107,047</u>	<u>\$ 113,856</u>	<u>\$ 64,214</u>	<u>\$ 601</u>	<u>\$ 9,547</u>
\$ 0	\$ 0	\$ 0	\$ 715	\$ 0	\$ 0
0	7,551	11,224	0	0	0
0	0	0	476	0	0
0	7,551	11,224	1,191	0	0
49,742	4,432	4,432	0	0	0
0	83,255	83,255	0	0	0
49,742	87,687	87,687	0	0	0
0	0	0	0	0	0
24,870	11,809	14,945	63,023	601	9,547
0	0	0	0	0	0
<u>24,870</u>	<u>11,809</u>	<u>14,945</u>	<u>63,023</u>	<u>601</u>	<u>9,547</u>
<u>\$ 74,612</u>	<u>\$ 107,047</u>	<u>\$ 113,856</u>	<u>\$ 64,214</u>	<u>\$ 601</u>	<u>\$ 9,547</u>

(Continued)

**CITY OF HEATH, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2015**

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	D.A.R.E.	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 365	\$ 91,698	\$ 647,852
Receivables:			
Taxes	0	0	168,390
Intergovernmental	0	0	256,267
Inventory of Supplies, at Cost	0	0	76,039
Prepaid Items	0	0	10,016
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	44,093
<b>Total Assets</b>	<u>\$ 365</u>	<u>\$ 91,698</u>	<u>\$ 1,202,657</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 0	\$ 0	\$ 3,643
Accrued Wages and Benefits Payable	0	0	32,193
Intergovernmental Payable	0	0	606
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>36,442</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	0	0	212,641
Property Tax Levy for Next Year	0	0	166,510
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>379,151</u>
<b>Fund Balances:</b>			
Nonspendable	0	0	86,055
Restricted	365	91,698	700,111
Committed	0	0	898
<b>Total Fund Balances</b>	<u>365</u>	<u>91,698</u>	<u>787,064</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 365</u>	<u>\$ 91,698</u>	<u>\$ 1,202,657</u>



**CITY OF HEATH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	437,464	35,912	93,324	0
Charges for Services	0	0	0	416,620
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	5,865	0	0	4,365
<b>Total Revenue</b>	<u>443,329</u>	<u>35,912</u>	<u>93,324</u>	<u>420,985</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	406,980
Transportation	774,056	13,360	93,324	0
Debt Service:				
Principal Retirement	10,545	0	0	115,000
Interest and Fiscal Charges	1,131	0	0	29,969
<b>Total Expenditures</b>	<u>785,732</u>	<u>13,360</u>	<u>93,324</u>	<u>551,949</u>
Excess (Deficiency) of Revenues Over Expenditures	(342,403)	22,552	0	(130,964)
<b>Other Financing Sources (Uses):</b>				
Transfers In	330,500	0	0	127,000
<b>Total Other Financing Sources (Uses)</b>	<u>330,500</u>	<u>0</u>	<u>0</u>	<u>127,000</u>
Net Change in Fund Balance	(11,903)	22,552	0	(3,964)
<b>Fund Balances at Beginning of Year</b>	401,478	173,316	0	11,247
Decrease in Inventory Reserve	(21,553)	0	0	(967)
<b>Fund Balances End of Year</b>	<u>\$ 368,022</u>	<u>\$ 195,868</u>	<u>\$ 0</u>	<u>\$ 6,316</u>



**CITY OF HEATH, OHIO**

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Municipal Motor Vehicle License Tax	Fire Pension	Police Pension	Law Enforcement Trust	Police Professional Training	Enforcement and Education
\$ 0	\$ 71,579	\$ 71,579	\$ 0	\$ 0	\$ 0
161,385	6,984	6,984	0	0	0
0	0	0	11,598	0	0
0	0	0	0	0	0
0	0	0	52,666	0	1,432
0	0	28	13,995	0	0
<u>161,385</u>	<u>78,563</u>	<u>78,591</u>	<u>78,259</u>	<u>0</u>	<u>1,432</u>
0	232,450	255,079	24,127	0	5,592
0	0	0	0	0	0
430,536	0	0	0	0	0
0	0	0	17,361	0	0
0	0	0	992	0	0
<u>430,536</u>	<u>232,450</u>	<u>255,079</u>	<u>42,480</u>	<u>0</u>	<u>5,592</u>
(269,151)	(153,887)	(176,488)	35,779	0	(4,160)
0	145,000	182,500	0	0	0
<u>0</u>	<u>145,000</u>	<u>182,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
(269,151)	(8,887)	6,012	35,779	0	(4,160)
294,021	20,696	8,933	27,244	601	13,707
0	0	0	0	0	0
<u>\$ 24,870</u>	<u>\$ 11,809</u>	<u>\$ 14,945</u>	<u>\$ 63,023</u>	<u>\$ 601</u>	<u>\$ 9,547</u>

(Continued)

**CITY OF HEATH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

	D.A.R.E.	Conn Memorial Trust	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>			
Taxes	\$ 0	\$ 0	\$ 143,158
Intergovernmental Revenues	0	0	742,053
Charges for Services	0	4,000	432,218
Investment Earnings	0	372	372
Fines and Forfeitures	0	0	54,098
All Other Revenue	0	0	24,253
<b>Total Revenue</b>	<u>0</u>	<u>4,372</u>	<u>1,396,152</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	0	0	517,248
Leisure Time Activities	0	0	406,980
Transportation	0	0	1,311,276
Debt Service:			
Principal Retirement	0	0	142,906
Interest and Fiscal Charges	0	0	32,092
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>2,410,502</u>
Excess (Deficiency) of Revenues Over Expenditures	0	4,372	(1,014,350)
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	0	785,000
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>785,000</u>
Net Change in Fund Balance	0	4,372	(229,350)
<b>Fund Balances at Beginning of Year</b>	365	87,326	1,038,934
Decrease in Inventory Reserve	0	0	(22,520)
<b>Fund Balances End of Year</b>	<u>\$ 365</u>	<u>\$ 91,698</u>	<u>\$ 787,064</u>

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 5,838,196	\$ 5,838,196	\$ 6,183,513	\$ 345,317
Intergovernmental Revenues	370,412	370,412	392,321	21,909
Charges for Services	405,763	405,763	429,763	24,000
Licenses and Permits	27,309	27,309	28,924	1,615
Investment Earnings	67,336	67,336	71,319	3,983
Fines and Forfeitures	13,275	13,275	14,060	785
All Other Revenues	113,338	113,338	120,042	6,704
Total Revenues	<u>6,835,629</u>	<u>6,835,629</u>	<u>7,239,942</u>	<u>404,313</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,626,747	1,665,832	1,654,822	11,010
Materials and Supplies	89,500	94,141	68,711	25,430
Contractual Services	151,750	175,276	162,637	12,639
Capital Outlay	16,000	16,000	15,928	72
Total Police	<u>1,883,997</u>	<u>1,951,249</u>	<u>1,902,098</u>	<u>49,151</u>
Communications:				
Personal Services	584,496	594,496	555,984	38,512
Materials and Supplies	3,000	915	510	405
Contractual Services	45,900	48,337	48,128	209
Total Communications	<u>633,396</u>	<u>643,748</u>	<u>604,622</u>	<u>39,126</u>
Fire:				
Personal Services	1,210,724	1,413,929	1,363,860	50,069
Materials and Supplies	79,750	125,504	111,697	13,807
Contractual Services	172,802	194,104	162,063	32,041
Capital Outlay	1,300	1,300	295	1,005
Total Fire	<u>1,464,576</u>	<u>1,734,837</u>	<u>1,637,915</u>	<u>96,922</u>
Street Lighting:				
Contractual Services	105,000	105,000	92,749	12,251
Total Street Lighting	<u>105,000</u>	<u>105,000</u>	<u>92,749</u>	<u>12,251</u>
Total Security of Persons and Property	<u>4,086,969</u>	<u>4,434,834</u>	<u>4,237,384</u>	<u>197,450</u>

(Continued)

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Health Department:				
Contractual Services	55,970	55,970	55,970	0
Total Public Health and Welfare Services	<u>55,970</u>	<u>55,970</u>	<u>55,970</u>	<u>0</u>
Leisure Time Activities:				
Parks:				
Personal Services	368,360	374,610	344,596	30,014
Materials and Supplies	53,650	55,224	26,227	28,997
Contractual Services	248,933	276,457	201,760	74,697
Other Expenditures	500	500	120	380
Capital Outlay	20,000	20,000	5,717	14,283
Total Leisure Time Activities	<u>691,443</u>	<u>726,791</u>	<u>578,420</u>	<u>148,371</u>
Community Environment:				
Planning and Zoning:				
Personal Services	194,745	201,245	197,451	3,794
Materials and Supplies	3,700	3,700	2,366	1,334
Contractual Services	102,725	136,447	105,430	31,017
Total Community Environment	<u>301,170</u>	<u>341,392</u>	<u>305,247</u>	<u>36,145</u>
General Government:				
Mayor:				
Personal Services	96,212	96,822	96,295	527
Materials and Supplies	1,200	1,200	710	490
Contractual Services	25,250	25,250	22,410	2,840
Capital Outlay	1,500	1,500	0	1,500
Total Mayor	<u>124,162</u>	<u>124,772</u>	<u>119,415</u>	<u>5,357</u>
City Council:				
Personal Services	37,800	37,800	37,800	0
Materials and Supplies	200	200	0	200
Contractual Services	550	550	130	420
Total City Council	<u>38,550</u>	<u>38,550</u>	<u>37,930</u>	<u>620</u>

(Continued)

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2015***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	65,650	65,650	65,600	50
Contractual Services	97,550	97,550	75,211	22,339
Total Law Director	<u>163,200</u>	<u>163,200</u>	<u>140,811</u>	<u>22,389</u>
Clerk of Council:				
Personal Services	46,440	46,440	45,765	675
Materials and Supplies	300	300	223	77
Total Clerk of Council	<u>46,740</u>	<u>46,740</u>	<u>45,988</u>	<u>752</u>
Auditor:				
Personal Services	51,000	51,000	51,000	0
Materials and Supplies	1,100	1,100	268	832
Contractual Services	1,095	1,095	425	670
Total Auditor	<u>53,195</u>	<u>53,195</u>	<u>51,693</u>	<u>1,502</u>
General Administrative:				
Personal Services	304,770	339,270	326,582	12,688
Materials and Supplies	5,500	5,500	5,500	0
Contractual Services	216,018	221,201	122,429	98,772
Other Expenditures	3,000	3,000	1,847	1,153
Capital Outlay	0	730	262	468
Total General Administrative	<u>529,288</u>	<u>569,701</u>	<u>456,620</u>	<u>113,081</u>
Court Fees:				
Contractual Services	12,600	12,600	232	12,368
Total Court Fees	<u>12,600</u>	<u>12,600</u>	<u>232</u>	<u>12,368</u>
Civil Service:				
Materials and Supplies	100	100	100	0
Contractual Services	11,050	11,050	10,526	524
Total Civil Service	<u>11,150</u>	<u>11,150</u>	<u>10,626</u>	<u>524</u>

(Continued)

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Safety/Service:</b>				
Personal Services	34,318	40,218	38,598	1,620
Materials and Supplies	9,400	27,044	22,279	4,765
Contractual Services	78,485	96,372	91,068	5,304
Total Safety/Service	<u>122,203</u>	<u>163,634</u>	<u>151,945</u>	<u>11,689</u>
<b>Income Tax:</b>				
Personal Services	267,203	272,203	268,616	3,587
Materials and Supplies	4,200	4,200	1,600	2,600
Contractual Services	31,425	40,210	31,996	8,214
Capital Outlay	8,000	8,000	602	7,398
Total Income Tax	<u>310,828</u>	<u>324,613</u>	<u>302,814</u>	<u>21,799</u>
Total General Government	<u>1,411,916</u>	<u>1,508,155</u>	<u>1,318,074</u>	<u>190,081</u>
Total Expenditures	<u>6,547,468</u>	<u>7,067,142</u>	<u>6,495,095</u>	<u>572,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	288,161	(231,513)	744,847	976,360
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(623,000)	(785,000)	(785,000)	0
Total Other Financing Sources (Uses)	<u>(623,000)</u>	<u>(785,000)</u>	<u>(785,000)</u>	<u>0</u>
Net Change in Fund Balance	(334,839)	(1,016,513)	(40,153)	976,360
Fund Balance at Beginning of Year	2,510,526	2,510,526	2,510,526	0
Prior Year Encumbrances	91,705	91,705	91,705	0
Fund Balance at End of Year	<u>\$ 2,267,392</u>	<u>\$ 1,585,718</u>	<u>\$ 2,562,078</u>	<u>\$ 976,360</u>

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund – Fire Levy Fund  
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 497,020	\$ 497,020	\$ 483,740	\$ (13,280)
Intergovernmental Revenues	55,514	55,514	54,031	(1,483)
Investment Earnings	703	703	684	(19)
All Other Revenues	185	185	180	(5)
Total Revenues	<u>553,422</u>	<u>553,422</u>	<u>538,635</u>	<u>(14,787)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Fire:				
Personal Services	496,682	477,796	410,767	67,029
Materials and Supplies	2,000	45,785	43,750	2,035
Contractual Services	24,050	24,050	17,183	6,867
Capital Outlay	76,000	620,278	596,009	24,269
Total Expenditures	<u>598,732</u>	<u>1,167,909</u>	<u>1,067,709</u>	<u>100,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,310)	(614,487)	(529,074)	85,413
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	600	600
Capital Lease Initiated	0	0	435,678	435,678
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>436,278</u>	<u>436,278</u>
Net Change in Fund Balance	(45,310)	(614,487)	(92,796)	521,691
Fund Balance at Beginning of Year	355,538	355,538	355,538	0
Prior Year Encumbrances	4,119	4,119	4,119	0
Fund Balance at End of Year	<u>\$ 314,347</u>	<u>\$ (254,830)</u>	<u>\$ 266,861</u>	<u>\$ 521,691</u>

**CITY OF HEATH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund – Capital Improvement Fund  
For the Year Ended December 31, 2015***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 0	\$ 8,992	\$ 8,992
All Other Revenues	0	35,480	35,480
Total Revenues	<u>0</u>	<u>44,472</u>	<u>44,472</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Capital Outlay	34,978	34,778	200
Total Security of Persons and Property	<u>34,978</u>	<u>34,778</u>	<u>200</u>
Leisure Time Activities:			
Parks:			
Contractual Services	16,000	12,365	3,635
Total Parks	<u>16,000</u>	<u>12,365</u>	<u>3,635</u>
Swimming Pool:			
Contractual Services	50,700	50,700	0
Total Swimming Pool	<u>50,700</u>	<u>50,700</u>	<u>0</u>
Total Leisure Time Activities	<u>66,700</u>	<u>63,065</u>	<u>3,635</u>
Community Environment:			
Planning and Zoning:			
Capital Outlay	99,000	0	99,000
Total Community Environment	<u>99,000</u>	<u>0</u>	<u>99,000</u>
Transportation:			
Streets Department:			
Contractual Services	46,215	45,075	1,140
Materials and Supplies	5,088	5,088	0
Capital Outlay	110,866	97,663	13,203
Total Transportation	<u>162,169</u>	<u>147,826</u>	<u>14,343</u>
General Government:			
General Administrative:			
Capital Outlay	59,781	59,781	0
Total General Administrative	<u>59,781</u>	<u>59,781</u>	<u>0</u>



**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund – Capital Improvement Fund  
For the Year Ended December 31, 2015***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Safety/Service:			
Contractual Services	3,630	3,136	494
Capital Outlay	83,853	59,853	24,000
Total Safety/Service	<u>87,483</u>	<u>62,989</u>	<u>24,494</u>
Total General Government	<u>147,264</u>	<u>122,770</u>	<u>24,494</u>
Total Expenditures	<u>510,111</u>	<u>368,439</u>	<u>141,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(510,111)	(323,967)	186,144
Fund Balance at Beginning of Year	2,034,119	2,034,119	0
Prior Year Encumbrances	24,003	24,003	0
Fund Balance at End of Year	<u>\$ 1,548,011</u>	<u>\$ 1,734,155</u>	<u>\$ 186,144</u>

**CITY OF HEATH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 413,000	\$ 428,702	\$ 15,702
All Other Revenues	0	5,865	5,865
Total Revenues	<u>413,000</u>	<u>434,567</u>	<u>21,567</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Personal Services	485,492	477,058	8,434
Materials and Supplies	203,492	146,390	57,102
Contractual Services	194,654	146,169	48,485
Capital Outlay	46,000	30,518	15,482
Total Expenditures	<u>929,638</u>	<u>800,135</u>	<u>129,503</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(516,638)	(365,568)	151,070
<b>Other Financing Sources (Uses):</b>			
Transfers In	330,500	330,500	0
Total Other Financing Sources (Uses)	<u>330,500</u>	<u>330,500</u>	<u>0</u>
Net Change in Fund Balance	(186,138)	(35,068)	151,070
Fund Balance at Beginning of Year	260,405	260,405	0
Prior Year Encumbrances	5,892	5,892	0
Fund Balance at End of Year	<u>\$ 80,159</u>	<u>\$ 231,229</u>	<u>\$ 151,070</u>

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 33,700	\$ 34,759	\$ 1,059
Investment Earnings	175	0	(175)
Total Revenues	<u>33,875</u>	<u>34,759</u>	<u>884</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Materials and Supplies	41,698	198	41,500
Contractual Services	14,500	13,561	939
Total Expenditures	<u>56,198</u>	<u>13,759</u>	<u>42,439</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,323)	21,000	43,323
Fund Balance at Beginning of Year	170,442	170,442	0
Prior Year Encumbrances	198	198	0
Fund Balance at End of Year	<u>\$ 148,317</u>	<u>\$ 191,640</u>	<u>\$ 43,323</u>

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

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

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 0	\$ 93,324	\$ 93,324
Total Revenues	<u>0</u>	<u>93,324</u>	<u>93,324</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Capital Outlay	93,324	93,324	0
Total Expenditures	<u>93,324</u>	<u>93,324</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,324)	0	93,324
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ (93,324)</u>	<u>\$ 0</u>	<u>\$ 93,324</u>

**CITY OF HEATH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015***

<b>SWIMMING POOL FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 596,000	\$ 416,620	\$ (179,380)
All Other Revenues	<u>8,850</u>	<u>4,365</u>	<u>(4,485)</u>
Total Revenues	<u>604,850</u>	<u>420,985</u>	<u>(183,865)</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	262,616	262,310	306
Materials and Supplies	47,789	47,789	0
Contractual Services	95,084	93,082	2,002
Capital Outlay	<u>3,484</u>	<u>3,230</u>	<u>254</u>
Total Leisure Time Activities	<u>408,973</u>	<u>406,411</u>	<u>2,562</u>
Debt Service:			
Principal Retirement	115,000	115,000	0
Interest and Fiscal Charges	<u>29,969</u>	<u>29,969</u>	<u>0</u>
Total Expenditures	<u>553,942</u>	<u>551,380</u>	<u>2,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,908	(130,395)	(181,303)
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>0</u>	<u>127,000</u>	<u>127,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>127,000</u>	<u>127,000</u>
Net Change in Fund Balance	50,908	(3,395)	(54,303)
Fund Balance at Beginning of Year	1,882	1,882	0
Prior Year Encumbrances	<u>2,627</u>	<u>2,627</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 55,417</u>	<u>\$ 1,114</u>	<u>\$ (54,303)</u>

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 150,000	\$ 160,391	\$ 10,391
Total Revenues	<u>150,000</u>	<u>160,391</u>	<u>10,391</u>
<b>Expenditures:</b>			
Transportation:			
Street Department:			
Capital Outlay	458,326	430,536	27,790
Total Expenditures	<u>458,326</u>	<u>430,536</u>	<u>27,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(308,326)	(270,145)	38,181
Fund Balance at Beginning of Year	270,145	270,145	0
Fund Balance at End of Year	<u>\$ (38,181)</u>	<u>\$ 0</u>	<u>\$ 38,181</u>

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

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	FIRE PENSION FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 77,525	\$ 71,579	\$ (5,946)
Intergovernmental Revenues	7,389	6,984	(405)
Total Revenues	<u>84,914</u>	<u>78,563</u>	<u>(6,351)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Fire:			
Personal Services	231,373	230,175	1,198
Contractual Services	2,050	1,173	877
Total Expenditures	<u>233,423</u>	<u>231,348</u>	<u>2,075</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,509)	(152,785)	(4,276)
<b>Other Financing Sources (Uses):</b>			
Transfers In	127,000	145,000	18,000
Total Other Financing Sources (Uses)	<u>127,000</u>	<u>145,000</u>	<u>18,000</u>
Net Change in Fund Balance	(21,509)	(7,785)	13,724
Fund Balance at Beginning of Year	27,145	27,145	0
Fund Balance at End of Year	<u>\$ 5,636</u>	<u>\$ 19,360</u>	<u>\$ 13,724</u>

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

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	POLICE PENSION FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 74,150	\$ 71,579	\$ (2,571)
Intergovernmental Revenues	7,389	6,984	(405)
All Other Revenues	324	28	(296)
Total Revenues	<u>81,863</u>	<u>78,591</u>	<u>(3,272)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Personal Services	257,061	253,287	3,774
Contractual Services	2,050	1,173	877
Total Expenditures	<u>259,111</u>	<u>254,460</u>	<u>4,651</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,248)	(175,869)	1,379
<b>Other Financing Sources (Uses):</b>			
Transfers In	165,500	182,500	17,000
Total Other Financing Sources (Uses)	<u>165,500</u>	<u>182,500</u>	<u>17,000</u>
Net Change in Fund Balance	(11,748)	6,631	18,379
Fund Balance at Beginning of Year	19,538	19,538	0
Fund Balance at End of Year	<u>\$ 7,790</u>	<u>\$ 26,169</u>	<u>\$ 18,379</u>



**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 9,000	\$ 11,598	\$ 2,598
Fines and Forfeitures	27,000	52,666	25,666
All Other Revenues	8,000	13,995	5,995
Total Revenues	<u>44,000</u>	<u>78,259</u>	<u>34,259</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Materials and Supplies	5,000	5,000	0
Contractual Services	<u>49,578</u>	<u>45,498</u>	<u>4,080</u>
Total Expenditures	<u>54,578</u>	<u>50,498</u>	<u>4,080</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,578)	27,761	38,339
Fund Balance at Beginning of Year	26,453	26,453	0
Prior Year Encumbrances	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,875</u>	<u>\$ 59,214</u>	<u>\$ 38,339</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015***

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

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

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**ENFORCEMENT AND EDUCATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 800	\$ 1,426	\$ 626
Total Revenues	<u>800</u>	<u>1,426</u>	<u>626</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Materials and Supplies	2,470	2,470	0
Contractual Services	<u>3,122</u>	<u>3,122</u>	<u>0</u>
Total Expenditures	<u>5,592</u>	<u>5,592</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,792)	(4,166)	626
Fund Balance at Beginning of Year	<u>13,682</u>	<u>13,682</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,890</u>	<u>\$ 9,516</u>	<u>\$ 626</u>

**CITY OF HEATH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015***

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

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2015**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 2,400	\$ 4,000	\$ 1,600
Investment Earnings	320	372	52
Total Revenues	<u>2,720</u>	<u>4,372</u>	<u>1,652</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,720	4,372	1,652
Fund Balance at Beginning of Year	<u>87,326</u>	<u>87,326</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 90,046</u>	<u>\$ 91,698</u>	<u>\$ 1,652</u>

**CITY OF HEATH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Fund  
For the Year Ended December 31, 2015**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 304,500	\$ 319,409	\$ 14,909
Total Revenues	<u>304,500</u>	<u>319,409</u>	<u>14,909</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	240,000	240,000	0
Interest and Fiscal Charges	<u>44,450</u>	<u>44,450</u>	<u>0</u>
Total Expenditures	<u>284,450</u>	<u>284,450</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,050	34,959	14,909
Fund Balance at Beginning of Year	<u>59,089</u>	<u>59,089</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 79,139</u>	<u>\$ 94,048</u>	<u>\$ 14,909</u>

*STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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

### ***Contents***

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

**Sources Note:**

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

## *City of Heath*

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$18,092,381	\$23,589,938	\$22,695,332	\$24,757,330
Restricted	3,371,442	3,693,753	4,153,096	4,440,662
Unrestricted (Deficit)	3,017,476	3,427,382	2,601,396	3,344,138
Total Governmental Activities Net Position	<u>\$24,481,299</u>	<u>\$30,711,073</u>	<u>\$29,449,824</u>	<u>\$32,542,130</u>
<b>Business-type Activities:</b>			*	
Net Investment in Capital Assets	\$10,723,136	\$11,369,769	\$11,437,704	\$11,511,143
Unrestricted	4,146,637	3,585,259	3,966,942	3,955,176
Total Business-type Activities Net Position	<u>\$14,869,773</u>	<u>\$14,955,028</u>	<u>\$15,404,646</u>	<u>\$15,466,319</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$28,815,517	\$34,959,707	\$34,133,036	\$36,268,473
Restricted	3,371,442	3,693,753	4,153,096	4,440,662
Unrestricted (Deficit)	7,164,113	7,012,641	6,568,338	7,299,314
Total Primary Government Net Position	<u>\$39,351,072</u>	<u>\$45,666,101</u>	<u>\$44,854,470</u>	<u>\$48,008,449</u>

Source: City Auditor's Office

\* 2008, 2014 Business-type Activities were restated

\* 2010, 2014 Governmental Activities were restated

*City of Heath*

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2010	2011	2012	2013	2014	2015
*				*	
\$26,920,239	\$29,909,342	\$31,800,652	\$32,791,239	\$32,879,970	\$32,583,035
4,052,345	3,049,296	3,354,720	3,130,915	3,667,955	3,096,603
2,584,668	3,096,541	2,886,273	3,258,587	(4,790,644)	(4,539,258)
<u>\$33,557,252</u>	<u>\$36,055,179</u>	<u>\$38,041,645</u>	<u>\$39,180,741</u>	<u>\$31,757,281</u>	<u>\$31,140,380</u>
				*	
\$11,458,893	\$12,254,042	\$13,030,295	\$13,374,041	\$14,265,581	\$14,247,988
5,016,822	4,716,959	5,429,089	5,326,656	4,028,883	4,802,704
<u>\$16,475,715</u>	<u>\$16,971,001</u>	<u>\$18,459,384</u>	<u>\$18,700,697</u>	<u>\$18,294,464</u>	<u>\$19,050,692</u>
\$38,379,132	\$42,163,384	\$44,830,947	\$46,165,280	\$47,145,551	\$46,831,023
4,052,345	3,049,296	3,354,720	3,130,915	3,667,955	3,096,603
7,601,490	7,813,500	8,315,362	8,585,243	(761,761)	263,446
<u>\$50,032,967</u>	<u>\$53,026,180</u>	<u>\$56,501,029</u>	<u>\$57,881,438</u>	<u>\$50,051,745</u>	<u>\$50,191,072</u>

## City of Heath

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

	2006	2007	2008	2009
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$4,518,609	\$4,412,475	\$5,033,962	\$4,799,533
Public Health and Welfare Services	54,000	55,000	55,500	55,500
Leisure Time Activities	1,294,137	1,165,587	1,553,376	1,389,421
Community Environment	289,516	116,430	248,044	296,573
Basic Utility Services	0	48,759	12,585	0
Transportation	1,418,985	1,611,106	1,716,140	1,698,702
General Government	1,313,015	1,480,358	1,862,217	1,863,206
Interest and Fiscal Charges	223,289	211,364	201,466	213,056
<i>Total Governmental Activities Expenses</i>	9,111,551	9,101,079	10,683,290	10,315,991
Business-type Activities:				
Water	1,387,196	1,572,649	1,499,924	1,535,122
Sewer	1,837,990	1,994,356	1,992,845	2,145,932
<i>Total Business-type Activities Expenses</i>	3,225,186	3,567,005	3,492,769	3,681,054
<i>Total Primary Government Expenses</i>	\$12,336,737	\$12,668,084	\$14,176,059	\$13,997,045
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$97,499	\$414,707	\$427,535	\$2,017,435
Leisure Time Activities	714,341	681,222	637,733	527,712
Community Environment	25,829	52,913	22,902	24,464
Basic Utility Services	0	4,592	107	0
Transportation	16,573	18,538	6,377	80,750
General Government	0	2,119	8,950	12,075
Operating Grants and Contributions	522,557	641,109	593,995	677,664
Capital Grants and Contributions	2,023,759	5,408,548	24,050	2,825,769
<i>Total Governmental Activities Program Revenues</i>	3,400,558	7,223,748	1,721,649	6,165,869

*City of Heath*

2010	2011	2012	2013	2014	2015
\$4,950,795	\$4,910,998	\$5,152,842	\$5,038,710	\$5,361,303	\$5,380,059
55,500	56,000	56,500	55,970	55,970	55,970
1,324,421	1,458,652	1,345,282	1,311,818	1,387,265	1,220,510
249,028	326,445	279,054	100,943	270,574	257,150
399,949	252,530	0	0	0	0
1,692,428	1,387,741	2,359,144	1,709,162	1,267,738	1,863,500
1,482,172	1,423,316	1,345,507	1,397,774	1,453,988	1,385,688
158,538	238,230	86,813	189,630	84,363	81,723
<u>10,312,831</u>	<u>10,053,912</u>	<u>10,625,142</u>	<u>9,804,007</u>	<u>9,881,201</u>	<u>10,244,600</u>
1,541,351	1,588,324	1,653,612	1,757,595	1,867,677	1,878,912
1,928,841	2,094,078	1,910,598	2,401,452	2,038,089	2,060,955
<u>3,470,192</u>	<u>3,682,402</u>	<u>3,564,210</u>	<u>4,159,047</u>	<u>3,905,766</u>	<u>3,939,867</u>
<u>\$13,783,023</u>	<u>\$13,736,314</u>	<u>\$14,189,352</u>	<u>\$13,963,054</u>	<u>\$13,786,967</u>	<u>\$14,184,467</u>
\$471,415	\$431,382	\$496,150	\$476,054	\$487,374	\$493,602
558,966	520,995	511,839	464,282	425,487	452,803
35,658	20,355	34,921	15,265	18,085	28,809
5,256	5,136	0	0	0	0
4,383	8,981	17,804	131,883	9,929	23,254
15,220	11,890	12,422	11,400	11,800	21,269
641,344	667,962	618,558	661,798	661,083	695,090
1,596,123	3,306,967	3,563,796	1,263,959	400,859	8,992
<u>3,328,365</u>	<u>4,973,668</u>	<u>5,255,490</u>	<u>3,024,641</u>	<u>2,014,617</u>	<u>1,723,819</u>

(continued)

## City of Heath

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

	2006	2007	2008	2009
<b>Business-type Activities:</b>				
Charges for Services				
Water	1,369,475	1,409,782	1,505,580	1,495,259
Sewer	2,346,580	2,340,830	2,319,071	2,212,708
Capital Grants and Contributions	79,381	74,101	124,099	0
<i>Total Business-type Activities Program Revenues</i>	<u>3,795,436</u>	<u>3,824,713</u>	<u>3,948,750</u>	<u>3,707,967</u>
<i>Total Primary Government Program Revenues</i>	<u>7,195,994</u>	<u>11,048,461</u>	<u>5,670,399</u>	<u>9,873,836</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(5,710,993)	(1,877,331)	(8,961,641)	(4,150,122)
Business-type Activities	570,250	257,708	455,981	26,913
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$5,140,743)</u>	<u>(\$1,619,623)</u>	<u>(\$8,505,660)</u>	<u>(\$4,123,209)</u>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
Property Taxes	\$1,260,147	\$1,328,913	\$1,201,564	\$1,187,092
Municipal Income Taxes	5,487,407	5,117,840	5,144,879	4,970,988
Other Local Taxes	13,295	12,834	12,203	10,671
Intergovernmental Revenue, Unrestricted	736,664	845,213	945,401	835,972
Investment Earnings	333,854	545,309	339,715	173,836
Miscellaneous	63,559	41,546	57,959	87,516
Transfers	0	215,450	(1,329)	(23,647)
<i>Total Governmental Activities</i>	<u>7,894,926</u>	<u>8,107,105</u>	<u>7,700,392</u>	<u>7,242,428</u>
<b>Business-type Activities:</b>				
Investment Earnings	97,856	42,997	94,826	11,113
Transfers	0	(215,450)	1,329	23,647
<i>Total Business-type Activities</i>	<u>97,856</u>	<u>(172,453)</u>	<u>96,155</u>	<u>34,760</u>
<i>Total Primary Government</i>	<u>\$7,992,782</u>	<u>\$7,934,652</u>	<u>\$7,796,547</u>	<u>\$7,277,188</u>
<b>Change in Net Position</b>				
Governmental Activities	\$2,183,933	\$6,229,774	(\$1,261,249)	\$3,092,306
Business-type Activities	668,106	85,255	552,136	61,673
<i>Total Primary Government Change in Net Position</i>	<u>\$2,852,039</u>	<u>\$6,315,029</u>	<u>(\$709,113)</u>	<u>\$3,153,979</u>

Source: City Auditor's Office

*City of Heath*

2010	2011	2012	2013	2014	2015
1,619,913	1,794,547	1,989,091	1,999,935	2,245,921	2,488,561
2,281,012	2,111,192	2,022,158	1,959,494	1,947,153	2,193,124
563,705	252,530	1,018,846	439,066	8,962	0
<u>4,464,630</u>	<u>4,158,269</u>	<u>5,030,095</u>	<u>4,398,495</u>	<u>4,202,036</u>	<u>4,681,685</u>
<u>7,792,995</u>	<u>9,131,937</u>	<u>10,285,585</u>	<u>7,423,136</u>	<u>6,216,653</u>	<u>6,405,504</u>
(6,984,466)	(5,080,244)	(5,369,652)	(6,779,366)	(7,866,584)	(8,520,781)
994,438	475,867	1,465,885	239,448	296,270	741,818
<u>(\$5,990,028)</u>	<u>(\$4,604,377)</u>	<u>(\$3,903,767)</u>	<u>(\$6,539,918)</u>	<u>(\$7,570,314)</u>	<u>(\$7,778,963)</u>
\$1,183,579	\$1,174,167	\$1,160,354	\$1,122,287	\$1,183,320	\$1,173,389
4,888,977	5,278,585	5,411,079	5,952,155	5,716,808	6,023,648
10,098	10,388	9,793	8,823	5,647	1,684
947,666	814,944	566,595	680,850	595,813	447,701
160,386	82,186	126,018	16,848	65,477	137,416
73,618	217,901	82,279	137,499	106,763	120,042
0	0	0	0	0	0
<u>7,264,324</u>	<u>7,578,171</u>	<u>7,356,118</u>	<u>7,918,462</u>	<u>7,673,828</u>	<u>7,903,880</u>
14,958	19,419	22,498	1,865	8,142	14,410
0	0	0	0	0	0
<u>14,958</u>	<u>19,419</u>	<u>22,498</u>	<u>1,865</u>	<u>8,142</u>	<u>14,410</u>
<u>\$7,279,282</u>	<u>\$7,597,590</u>	<u>\$7,378,616</u>	<u>\$7,920,327</u>	<u>\$7,681,970</u>	<u>\$7,918,290</u>
\$279,858	\$2,497,927	\$1,986,466	\$1,139,096	(\$192,756)	(\$616,901)
1,009,396	495,286	1,488,383	241,313	304,412	756,228
<u>\$1,289,254</u>	<u>\$2,993,213</u>	<u>\$3,474,849</u>	<u>\$1,380,409</u>	<u>\$111,656</u>	<u>\$139,327</u>

## City of Heath

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

	2006	2007	2008	2009
<b>General Fund</b>				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	190,870	304,325	229,436	1,366,672
Unreserved	3,043,064	3,405,304	2,701,779	2,408,783
<i>Total General Fund</i>	3,233,934	3,709,629	2,931,215	3,775,455
<b>All Other Governmental Funds</b>				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	683,026	884,924	519,403	412,014
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	698,812	644,659	829,632	807,272
Capital Projects Funds	1,789,751	1,931,812	2,652,964	3,070,331
Permanent Fund	80,374	86,791	91,485	83,268 *
<i>Total All Other Governmental Funds</i>	3,251,963	3,548,186	4,093,484	4,372,885
<i>Total Governmental Funds</i>	\$6,485,897	\$7,257,815	\$7,024,699	\$8,148,340

Source: City Auditor's Office

\* - The Conn Memorial Trust was reclassified from a Permanent Fund to a Special Revenue Fund in 2010

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



*City of Heath*

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2010	2011	2012	2013	2014	2015
\$0	\$108,830	\$79,556	\$109,310	\$111,399	\$92,140
0	42,354	483,099	368,215	400,358	553,846
0	3,363,560	2,730,440	3,187,395	2,473,305	2,521,638
1,223,828	0	0	0	0	0
2,533,280	0	0	0	0	0
<u>3,757,108</u>	<u>3,514,744</u>	<u>3,293,095</u>	<u>3,664,920</u>	<u>2,985,062</u>	<u>3,167,624</u>
0	87,846	89,134	76,285	110,490	87,499
0	959,738	1,237,199	1,121,720	1,265,681	975,602
0	1,981,100	2,004,556	1,845,600	2,133,328	1,928,153
0	(129,613)	(134,960)	(13,677)	0	0
323,587	0	0	0	0	0
826,636	0	0	0	0	0
2,123,013	0	0	0	0	0
0	0	0	0	0	0
<u>3,273,236</u>	<u>2,899,071</u>	<u>3,195,929</u>	<u>3,029,928</u>	<u>3,509,499</u>	<u>2,991,254</u>
<u>\$7,030,344</u>	<u>\$6,413,815</u>	<u>\$6,489,024</u>	<u>\$6,694,848</u>	<u>\$6,494,561</u>	<u>\$6,158,878</u>

## *City of Heath*

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

	2006	2007	2008	2009
<b>Revenues:</b>				
Taxes	\$6,765,736	\$6,511,364	\$6,372,485	\$6,129,963
Intergovernmental Revenues	1,558,369	2,019,146	1,690,485	1,836,354
Charges for Services	683,875	951,735	985,547	872,267
Licenses and Permits	76,891	59,600	29,849	28,382
Investment Earnings	320,207	599,005	348,790	173,836
Fines and Forfeitures	41,611	52,689	51,154	1,660,638
All Other Revenue	115,424	151,613	95,013	188,665
<b>Total Revenue</b>	<u>9,562,113</u>	<u>10,345,152</u>	<u>9,573,323</u>	<u>10,890,105</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,340,627	4,679,467	4,895,866	4,564,283
Public Health and Welfare Services	54,000	55,000	55,500	55,500
Leisure Time Activities	1,588,478	1,537,158	1,316,678	1,218,719
Community Environment	277,529	286,914	257,489	296,209
Basic Utility Services	0	48,759	12,585	0
Transportation	1,187,069	1,304,268	1,259,204	1,301,307
General Government	1,274,127	1,434,312	1,568,514	1,784,830
Debt Service:				
Principal Retirement	251,721	254,165	262,600	283,344
Interest and Fiscal Charges	221,879	212,555	202,775	199,411
<b>Total Expenditures</b>	<u>9,195,430</u>	<u>9,812,598</u>	<u>9,831,211</u>	<u>9,703,603</u>
Excess (Deficiency) of Revenues Over Expenditures	366,683	532,554	(257,888)	1,186,502

*City of Heath*

2010	2011	2012	2013	2014	2015
\$6,076,179	\$6,484,185	\$6,577,781	\$7,108,267	\$6,903,383	\$7,202,848
1,813,302	1,564,668	4,810,389	2,635,926	1,617,442	1,201,765
921,061	896,001	951,566	837,316	853,057	861,981
40,464	24,697	40,331	15,867	17,872	28,924
160,386	82,186	126,018	16,848	65,477	137,416
91,921	39,504	43,048	47,797	42,425	68,319
111,070	256,438	120,470	335,403	146,084	180,555
<u>9,214,383</u>	<u>9,347,679</u>	<u>12,669,603</u>	<u>10,997,424</u>	<u>9,645,740</u>	<u>9,681,808</u>
4,832,359	4,949,955	5,006,695	4,984,224	5,232,686	5,792,998
55,500	56,000	56,500	55,970	55,970	55,970
1,388,567	1,291,498	1,158,961	1,080,375	1,111,702	1,001,695
248,970	322,269	274,696	272,127	249,678	292,709
399,949	252,530	0	0	0	0
1,505,871	1,382,405	4,341,346	2,632,997	1,376,248	1,440,761
1,440,850	1,360,970	1,334,738	1,307,183	1,400,963	1,381,407
299,111	322,047	344,037	265,049	371,439	382,906
159,796	164,084	123,368	190,548	85,509	76,542
<u>10,330,973</u>	<u>10,101,758</u>	<u>12,640,341</u>	<u>10,788,473</u>	<u>9,884,195</u>	<u>10,424,988</u>
(1,116,590)	(754,079)	29,262	208,951	(238,455)	(743,180)

(Continued)

## *City of Heath*

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Other Financing Sources (Uses):</b>				
Capital Leases Issued	89,348	0	0	0
Refunding Bonds Issued	0	0	0	1,195,000
Premium on Refunding Bonds Issued	0	0	0	11,337
Payment to Refunded Bond Escrow Agent	0	0	0	(1,178,173)
Transfers In	625,678	920,187	1,321,249	511,534
Transfers Out	(625,678)	(704,737)	(1,322,578)	(535,181)
<b>Total Other Financing Sources (Uses)</b>	<u>89,348</u>	<u>215,450</u>	<u>(1,329)</u>	<u>4,517</u>
<b>Net Change in Fund Balance</b>	<u>\$456,031</u>	<u>\$748,004</u>	<u>(\$259,217)</u>	<u>\$1,191,019</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	5.15%	4.76%	4.73%	4.98%

Source: City Auditor's Office

*City of Heath*

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2010	2011	2012	2013	2014	2015
0	61,655	49,319	0	0	435,678
0	1,325,000	1,300,000	0	0	0
0	7,861	40,480	0	0	0
0	(1,283,255)	(1,301,248)	0	0	0
684,767	1,223,023	788,460	784,025	1,281,395	785,000
(684,767)	(1,223,023)	(806,460)	(784,025)	(1,281,395)	(785,000)
0	111,261	70,551	0	0	435,678
<u>(\$1,116,590)</u>	<u>(\$642,818)</u>	<u>\$99,813</u>	<u>\$208,951</u>	<u>(\$238,455)</u>	<u>(\$307,502)</u>
4.44%	7.86%	4.68%	5.16%	5.04%	4.76%

## *City of Heath*

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

<b>Tax year</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$284,358	\$297,115	\$303,766	\$305,863
Total Tax Collected	\$5,430,307	\$5,372,699	\$5,292,914	\$5,082,838
Income Tax Receipts				
Withholding	4,154,215	4,236,786	4,362,702	4,158,728
Percentage	76.50%	78.86%	82.42%	81.82%
Corporate	913,764	760,337	580,904	593,661
Percentage	16.83%	14.15%	10.98%	11.68%
Individuals	362,328	375,576	349,308	330,449
Percentage	6.67%	6.99%	6.60%	6.50%

Source: City Income Tax Department

*City of Heath*

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2010	2011	2012	2013	2014	2015
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$357,458	\$386,532	\$410,854	\$412,596	\$410,699	\$410,699
\$5,016,826	\$5,448,282	\$5,568,605	\$6,128,745	\$5,942,600	\$6,072,725
4,251,397	4,366,508	4,490,301	4,469,690	4,456,950	4,526,078
84.74%	80.15%	80.64%	72.93%	75.00%	74.53%
433,893	715,508	714,709	1,266,038	1,064,014	1,069,468
8.65%	13.13%	12.83%	20.66%	17.90%	17.61%
331,536	366,266	363,595	393,017	421,636	477,179
6.61%	6.72%	6.53%	6.41%	7.10%	7.86%





## *City of Heath*

### *Income Tax Statistics Current Year and Nine Years Ago*

Calendar Year 2015						
Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.19%	\$154,111,867	38.07%	\$2,311,678	38.07%
All Others	5,389	99.81%	250,733,133	61.93%	3,760,977	61.93%
Total	5,399	100.00%	\$404,845,000	100.00%	\$6,072,655	100.00%

Calendar Year 2006						
Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.17%	\$154,941,866	42.80%	\$2,324,128	42.80%
All Others	5,959	99.83%	207,078,667	57.20%	3,106,180	57.20%
Total	5,969	100.00%	\$362,020,533	100.00%	\$5,430,308	100.00%

Source: City Income Tax Department

## *City of Heath*

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

	2006	2007	2008	2009
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$4,715,000	\$4,480,000	\$4,235,000	\$4,015,000
Capital Leases	79,591	60,426	42,826	24,482
<b>Business-type Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	2,330,000	2,180,000	2,025,000	1,915,000
Ohio Water Development Authority Loans	5,735,892	4,794,983	4,129,717	3,432,074
Ohio Public Works Commission Loan	0	104,256	102,518	100,780
Capital Leases	0	0	0	0
Total Primary Government	<u>\$12,860,483</u>	<u>\$11,619,665</u>	<u>\$10,535,061</u>	<u>\$9,487,336</u>
<b>Population</b> <sup>(2)</sup>				
City of Heath	8,527	8,527	8,527	8,527
Outstanding Debt Per Capita	\$1,508	\$1,363	\$1,235	\$1,113
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	284,358	297,115	303,766	305,863
Percentage of Personal Income	4.52%	3.91%	3.47%	3.10%

**Sources:**

(1) City Auditor's Office

(2) US Bureau of Census, Population Division

(3) US Department of Commerce, Bureau of Economic Analysis

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

*City of Heath*

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2010	2011	2012	2013	2014	2015
\$3,735,000	\$3,555,000	\$3,225,000	\$2,985,000	\$2,640,000	\$2,285,000
5,371	49,979	90,261	65,212	38,773	446,545
1,720,000	1,520,000	1,870,000	2,970,000	2,570,000	2,160,000
4,118,537	6,081,565	5,942,607	5,650,424	5,360,803	5,052,270
97,304	93,828	90,352	380,566	353,326	335,166
0	0	0	0	0	460,000
<u>\$9,676,212</u>	<u>\$11,300,372</u>	<u>\$11,218,220</u>	<u>\$12,051,202</u>	<u>\$10,962,902</u>	<u>\$10,738,981</u>
10,310	10,310	10,310	10,310	10,310	10,310
\$939	\$1,096	\$1,088	\$1,169	\$1,063	\$1,042
357,458	386,532	410,854	412,596	410,699	410,699
2.71%	2.92%	2.73%	2.92%	2.67%	2.61%

## *City of Heath*

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

Year	2006	2007	2008	2009
<b>Population</b> <sup>(1)</sup>	8,527	8,527	8,527	8,527
<b>Assessed Value</b> <sup>(2)</sup>	\$281,821,460	\$275,592,260	\$264,682,730	\$264,119,110
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$7,045,000	\$6,660,000	\$6,260,000	\$5,930,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$227,198	\$207,537	\$187,176	\$165,163
<b>Net General Bonded Debt</b>	\$6,817,802	\$6,452,463	\$6,072,824	\$5,764,837
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	2.42%	2.34%	2.29%	2.18%
<b>Net Bonded Debt per Capita</b>	\$799.55	\$756.71	\$712.19	\$676.07

**Source:**

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

(2) Licking County Auditor

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

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

*City of Heath*

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<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
10,310	10,310	10,310	10,310	10,310	10,310
\$264,895,150	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375	\$261,546,140
\$5,455,000	\$5,075,000	\$5,095,000	\$5,955,000	\$5,210,000	\$4,445,000
\$134,952	\$134,241	\$151,211	\$63,473	\$89,396	\$128,189
\$5,320,048	\$4,940,759	\$4,943,789	\$5,891,527	\$5,120,604	\$4,316,811
2.01%	1.84%	1.83%	2.16%	1.89%	1.65%
\$516.01	\$479.22	\$479.51	\$571.44	\$496.66	\$418.70



## *City of Heath*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2015*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Heath (1)</u>	<u>Amount Applicable to the City of Heath</u>
<b>Direct:</b>			
City of Heath	\$2,731,545	100.00%	\$2,731,545
<b>Overlapping:</b>			
Heath City School District	18,910,126	6.70%	1,266,978
Licking County	10,024,486	98.20%	9,844,045
		Subtotal	<u>11,111,023</u>
		Total	<u><u>\$13,842,568</u></u>

**Source:** Licking County

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

## *City of Heath*

### *Debt Limitations Last Ten Years*

<b>Collection Year</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$281,821,460	\$275,592,260	\$264,682,730	\$264,119,110
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	29,591,253	28,937,187	27,791,687	27,732,507
City Debt Outstanding (2)	4,715,000	4,480,000	4,235,000	4,015,000
Less: Applicable Debt Service Fund Amounts	<u>(227,198)</u>	<u>(207,537)</u>	<u>(187,176)</u>	<u>(165,163)</u>
Net Indebtedness Subject to Limitation	<u>4,487,802</u>	<u>4,272,463</u>	<u>4,047,824</u>	<u>3,849,837</u>
Overall Legal Debt Margin	<u><u>\$25,103,451</u></u>	<u><u>\$24,664,724</u></u>	<u><u>\$23,743,863</u></u>	<u><u>\$23,882,670</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$281,821,460	\$275,592,260	\$264,682,730	\$264,119,110
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	15,500,180	15,157,574	14,557,550	14,526,551
City Debt Outstanding (2)	4,715,000	4,480,000	4,235,000	4,015,000
Less: Applicable Debt Service Fund Amounts	<u>(227,198)</u>	<u>(207,537)</u>	<u>(187,176)</u>	<u>(165,163)</u>
Net Indebtedness Subject to Limitation	<u>4,487,802</u>	<u>4,272,463</u>	<u>4,047,824</u>	<u>3,849,837</u>
Overall Legal Debt Margin	<u><u>\$11,012,378</u></u>	<u><u>\$10,885,111</u></u>	<u><u>\$10,509,726</u></u>	<u><u>\$10,676,714</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office



*City of Heath*

2010	2011	2012	2013	2014	2015
\$264,895,150	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375	\$261,546,140
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,813,991	28,165,125	28,431,936	28,652,196	28,476,984	27,462,345
3,735,000	3,555,000	3,225,000	2,985,000	2,640,000	2,285,000
(134,952)	(134,241)	(151,211)	(63,473)	(89,396)	(128,189)
3,600,048	3,420,759	3,073,789	2,921,527	2,550,604	2,156,811
\$24,213,943	\$24,744,366	\$25,358,147	\$25,730,669	\$25,926,380	\$25,305,534
\$264,895,150	\$268,239,290	\$270,780,340	\$272,878,060	\$271,209,375	\$261,546,140
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,569,233	14,753,161	14,892,919	15,008,293	14,916,516	14,385,038
3,735,000	3,555,000	3,225,000	2,985,000	2,640,000	2,285,000
(134,952)	(134,241)	(151,211)	(63,473)	(89,396)	(128,189)
3,600,048	3,420,759	3,073,789	2,921,527	2,550,604	2,156,811
\$10,969,185	\$11,332,402	\$11,819,130	\$12,086,766	\$12,365,912	\$12,228,227

# City of Heath

## Demographic and Economic Statistics Last Ten Years

Calendar Year	2006	2007	2008	2009	2010
<b>Population</b> <sup>(1)</sup>					
City of Heath	8,527	8,527	8,527	8,527	10,310
Licking County	145,491	145,491	145,491	145,491	166,492
<b>Income</b> <sup>(2) (a)</sup>					
Total Personal (in thousands)	284,358	297,115	303,766	305,863	357,458
Per Capita	33,348	34,844	35,624	35,870	34,671
<b>Unemployment Rate</b> <sup>(3)</sup>					
Federal	5.0%	4.6%	5.8%	9.3%	9.6%
State	5.9%	5.6%	6.6%	10.2%	10.1%
Licking County	5.1%	5.2%	6.1%	9.3%	9.5%
<b>Civilian Work Force Estimates</b> <sup>(3)</sup>					
State	5,934,000	5,976,500	5,929,800	5,900,500	5,894,000
Licking County	82,700	84,500	85,900	84,100	83,500

### Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2014 for the presentation of 2015 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

*City of Heath*

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2011	2012	2013	2014	2015
10,310	10,310	10,310	10,310	10,310
166,492	166,492	166,492	166,492	166,492
386,532	410,854	412,596	410,699	410,699
37,491	39,850	40,019	39,835	39,835
8.9%	8.1%	7.4%	6.2%	4.4%
8.6%	7.2%	7.4%	5.7%	4.9%
8.0%	6.5%	6.9%	5.1%	5.3%
5,806,500	5,747,900	5,765,700	5,719,500	5,700,300
84,400	84,800	85,800	87,200	83,600



## *City of Heath*

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

<u>Employer</u>	<u>Nature of Business</u>	<u>2015</u>	
		<u>Number of Employees</u>	<u>Rank</u>
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		<u>3,008</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2006</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Central Ohio Aerospace & Technology Center	Manufacturing	947	1
Arvin/Meritor	Manufacturing	582	2
Super Wal-Mart	Retail Sales	446	3
Kaiser Aluminum & Chemical Co.	Manufacturing	272	4
Heath Nursing Home	Health Care	240	5
Kroger	Retail/Grocery	194	6
Lowe's Home Center	Retail Sales	193	7
Englefield Oil	Petroleum Products	191	8
Heath City Schools	Education	174	9
Sears	Retail Sales	163	10
Total		<u>3,402</u>	

**Sources:**

City of Heath Income Tax Department

Note: Total employees within the City limits is not available.

## *City of Heath*

### *Full Time Equivalent Employees by Function Last Ten Years*

	2006	2007	2008	2009	2010
<b>Governmental Activities</b>					
General Government					
Mayor	1.00	1.00	1.00	1.00	1.00
Auditor	1.00	1.00	1.00	1.00	1.00
Council	7.00	7.00	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00	1.00	1.00
Legal	2.00	2.00	2.00	2.00	2.00
Administration	3.25	3.50	3.50	3.25	3.25
Income Tax	4.00	4.00	4.00	4.00	4.00
Service	1.00	1.00	1.25	0.50	0.50
Security of Persons and Property					
Police	18.00	18.00	18.00	18.00	18.50
Fire	16.50	16.00	16.00	16.00	16.00
Communications	11.00	7.50	8.00	7.50	6.00
Transportation					
Street	9.00	8.50	7.50	8.50	7.50
Leisure Time Activities					
Recreation / Parks	8.00	7.75	7.50	6.25	5.25
Water Park	31.00	29.50	31.50	37.00	38.00
Community Environment					
Zoning	2.00	2.00	2.00	2.00	2.00
<b>Business-Type Activities</b>					
Utilities					
Water	8.25	7.50	8.00	9.50	9.50
Sewer	7.50	7.75	8.00	9.00	9.00
<i>Total Employees</i>	<u>131.50</u>	<u>125.00</u>	<u>127.25</u>	<u>133.50</u>	<u>131.50</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: City Auditor's Office

*City of Heath*

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<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.50	1.50	1.50
7.00	7.00	7.00	7.00	7.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	1.00	1.00	1.00
3.25	3.25	3.25	3.25	3.25
4.00	4.00	4.00	4.00	4.00
0.50	0.50	0.50	5.00	0.50
19.50	18.50	18.00	18.00	18.00
16.00	16.00	16.00	16.00	16.00
6.00	7.00	8.00	8.00	8.00
7.50	7.50	7.50	6.00	6.00
4.75	4.75	3.75	4.75	4.75
40.50	40.50	33.50	38.00	38.00
2.00	2.00	2.00	2.00	2.00
9.00	9.00	10.00	10.00	9.25
8.75	7.75	7.75	8.75	8.25
<u>133.75</u>	<u>132.75</u>	<u>125.75</u>	<u>135.25</u>	<u>129.50</u>

## City of Heath

### Operating Indicators by Function Last Ten Years

	2006	2007	2008	2009
<b>Governmental Activities</b>				
General Government				
Council				
Members	7	7	7	7
Number of Ordinances passed	97	110	99	112
Number of Resolutions passed	11	10	7	6
Security of Persons and Property				
Police				
Number of Traffic Citations Issued	1,523	1,582	1,412	1,286
Number of Arrests	589	600	472	470
Fire				
Number of Calls	1,914	1,964	2,058	2,122
Number of Inspections	320	342	522	432
Transportation				
Street				
Number of Streets Resurfaced	2	11	8	11
Leisure Time Activities				
Recreation / Parks				
Number of Pool/Water Park Memberships Sold	928	1,142	1,072	950
Community Environment				
Number of Building Permits	196	110	82	80
Number of Building Inspections	177	87	54	66
Number of Board of Building and Zoning Appeal Cases	20	19	16	11
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	3,425	3,750	3,750	3,750
Daily Average Consumption (thousands of gallons)	1,300	1,300	1,300	1,300
Maximun Daily Capacity (thousands of gallons)	4,000	4,000	4,000	4,000
Sewer				
Daily Average Sewage Treatment (thousands of gallons)	1,300	1,600	1,600	1,600

Source: City Auditor's Office



*City of Heath*

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2010	2011	2012	2013	2014	2015
7	7	7	7	7	7
81	100	83	100	92	91
8	10	10	7	7	4
1,312	1,054	813	697	662	1,143
471	548	547	613	658	603
2,038	2,052	2,303	2,393	2,420	2,506
415	392	395	390	400	272
7	1	0	15	2	8
930	994	952	846	757	721
74	81	53	43	60	82
48	31	41	40	45	82
11	17	9	8	11	12
4,285	3,764	3,800	3,700	3,824	3,825
1,200	1,200	1,200	1,200	1,150	1,200
4,000	4,000	4,000	4,000	4,000	4,000
1,300	1,472	1,273	1,300	1,390	1,290

# City of Heath

## Capital Asset Statistics by Function Last Ten Years

	2006	2007	2008	2009
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	132	132	132	138
Buildings	23	23	23	23
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Vehicles	8	8	7	7
Fire				
Stations	2	2	2	2
Vehicles	10	10	10	12
Transportation				
Street				
Streets (lane miles)	87	90	90	91
Street Lights	707	708	708	708
Traffic Signals (Intersections)	18	18	18	18
Vehicles	14	14	14	14
Leisure Time Activities				
Recreation / Parks				
Land (acres)	376	376	376	376
Buildings	2	2	2	3
Parks	11	11	11	11
Playgrounds	3	4	4	4
Swimming Pools	1	1	1	1
Baseball/Softball Diamonds	7	7	7	8
Sand Volleyball Courts	2	2	2	2

*City of Heath*

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2010	2011	2012	2013	2014	2015
138	138	138	140	140	140
23	23	23	23	23	23
1	1	1	1	1	1
7	7	7	8	9	9
2	2	2	2	2	2
11	9	10	10	10	10
91	91	94	94	94	95
709	709	709	709	709	709
19	19	19	19	19	19
14	14	14	14	14	14
376	376	376	376	376	376
3	3	4	4	4	4
11	11	11	11	11	11
4	4	4	4	4	4
1	1	1	1	1	1
8	8	8	8	8	8
2	2	2	2	2	2

(Continued)

## *City of Heath*

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

	2006	2007	2008	2009
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	79	81	81	81
Pump Stations	5	5	5	5
Number of Hydrants	594	766	767	767
Average Daily Consumption	1,400,000	1,300,000	1,300,000	1,300,000
Storage Capacity (thousands of gallons)	2,165	2,165	2,165	2,165
Sewer				
Sewerlines (Miles)	110	112	113	113
Lift Stations	19	18	20	20
Storm Drains (Miles)	60	60	60	60
Treatment Capacity (thousands of gallons)	1,750	1,750	1,750	1,750

Source: City Auditor's Office

*City of Heath*

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2010	2011	2012	2013	2014	2015
86	86	86	89	89	89
3	3	4	5	5	5
770	770	770	780	780	788
1,200,000	1,200,000	1,200,000	1,200,000	1,150,000	1,200,000
1,285	2,380	2,383	2,383	2,383	2,383
115	116	116	117	117	117
21	21	21	19	19	18
60	60	60	43	43	43
1,750	1,750	1,750	1,750	1,750	2,240





# Dave Yost • Auditor of State

**CITY OF HEATH**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 16, 2016**