



**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY
JUNE 30, 2022**

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HANCOCK COUNTY
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Findlay City School District
Hancock County
1100 Broad Avenue
Findlay, Ohio 45840

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Findlay City School District, Hancock County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Findlay City School District, Hancock County, Ohio, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 3C to the financial statements, at July 1, 2021, the District, in accordance with accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units*, reported the Findlay Digital Academy as a blended component unit, rather than a discretely presented component unit as previously reported at June 30, 2021. Our opinion is not modified with respect to this matter.

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 23, 2023

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**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The management's discussion and analysis of the Findlay City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position of governmental activities increased \$6,492,633 from the 2021 net position. Net position of business-type activities increased \$149,838 from the 2021's restated net position.
- General revenues accounted for \$59,837,924 in revenue or 75.59% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$19,323,160 or 24.41% of total revenues of \$79,161,084.
- The District had \$72,668,451 in expenses related to governmental activities; \$19,323,160 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$59,837,924 were adequate to provide for these programs.
- The District had \$1,319,410 in expenses related to business-type activities; a total of \$1,083,852 was offset by program specific operating grants and contributions. Total revenues were adequate to provide for these programs. Net position of business-type activities increased \$149,838 from a balance of \$1,148,287 to a balance of \$1,298,125.
- The District's major governmental fund is the general fund. The general fund had \$59,416,506 in revenues and other financing sources and \$60,015,659 in expenditures. During fiscal year 2022, the general fund's fund balance decreased \$599,153 from a balance of \$9,151,984 to a balance of \$8,552,831.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is the most significant fund, and the only governmental fund reported as a major fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

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

Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Findlay Digital academy is reported as a business-type activity of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

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

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for self-insurance.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals. These activities are reported in a custodial fund. All of the District's fiduciary activities are reported in separate statement of changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Required Supplementary Information

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and net OPEB liability/asset of the retirement system and a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2022 and June 30, 2021. The Findlay Digital Academy was reported as a blended component unit in the fiscal year. See Note 2.A for detail.

	Governmental Activities		Business-Type Activities (restated)		Total	
	2022	2021	2022	2021	2022	2021
<u>Assets</u>						
Current and other assets	\$ 66,708,326	\$ 68,402,382	\$ 1,536,894	\$ 1,520,850	\$ 68,245,220	\$ 69,923,232
Capital assets, net	88,528,257	89,655,934	165,324	17,920	88,693,581	89,673,854
Total assets	<u>155,236,583</u>	<u>158,058,316</u>	<u>1,702,218</u>	<u>1,538,770</u>	<u>156,938,801</u>	<u>159,597,086</u>
<u>Deferred outflows</u>						
Pension	15,871,272	13,620,794	-	-	15,871,272	13,620,794
OPEB	1,684,633	2,109,526	-	-	1,684,633	2,109,526
Total deferred outflows of resources	<u>17,555,905</u>	<u>15,730,320</u>	<u>-</u>	<u>-</u>	<u>17,555,905</u>	<u>15,730,320</u>
<u>Liabilities</u>						
Current liabilities	9,025,566	8,779,930	14,184	43,439	9,039,750	8,823,369
Long-term liabilities:						
Due within one year	3,093,913	3,038,462	193,766	115,675	3,287,679	3,154,137
Due in more than one year:						
Net pension liability	40,335,083	79,644,127	-	-	40,335,083	79,644,127
Net OPEB liability	4,922,615	6,056,783	-	-	4,922,615	6,056,783
Other amounts	46,383,229	48,633,199	196,143	231,351	46,579,372	48,864,550
Total liabilities	<u>103,760,406</u>	<u>146,152,501</u>	<u>404,093</u>	<u>390,465</u>	<u>104,164,499</u>	<u>146,542,966</u>
<u>Deferred inflows</u>						
Property taxes and PILO levied for next year	31,149,580	30,540,124	-	-	31,149,580	30,540,124
Leases	32,378	-	-	-	32,378	-
Pension	35,926,021	2,233,486	-	-	35,926,021	2,233,486
OPEB	9,746,903	9,177,958	-	-	9,746,903	9,177,958
Total deferred inflows of resources	<u>76,854,882</u>	<u>41,951,568</u>	<u>-</u>	<u>-</u>	<u>76,854,882</u>	<u>41,951,568</u>
<u>Net Position</u>						
Net investment in capital assets	43,315,657	45,920,540	6,766	17,902	43,322,423	45,938,442
Restricted	9,378,550	9,443,026	66,080	61,924	9,444,630	9,504,950
Unrestricted (deficit)	<u>(60,517,007)</u>	<u>(69,678,999)</u>	<u>1,225,279</u>	<u>1,068,461</u>	<u>(59,291,728)</u>	<u>(68,610,538)</u>
Total net position	<u>\$ (7,822,800)</u>	<u>\$ (14,315,433)</u>	<u>\$ 1,298,125</u>	<u>\$ 1,148,287</u>	<u>\$ (6,524,675)</u>	<u>\$ (13,167,146)</u>

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

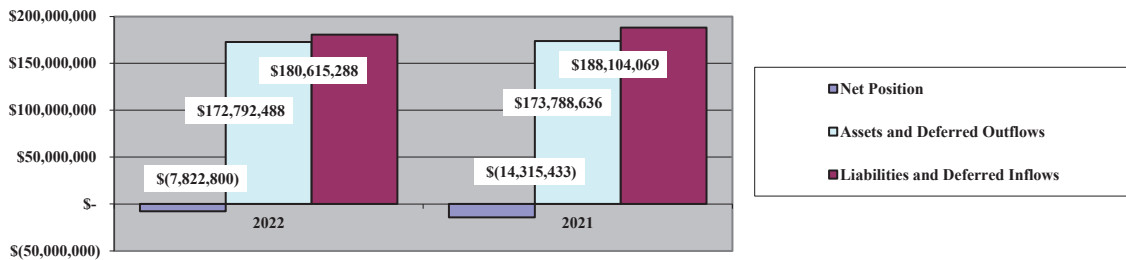
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's governmental liabilities and deferred inflows exceeded assets and deferred outflows by \$7,822,800. Business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$1,298,125.

At year-end, capital assets represented 56.51% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment and furniture, vehicles, infrastructure and intangible right to use assets. The District's net investment in capital assets at June 30, 2022, was \$43,322,423. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

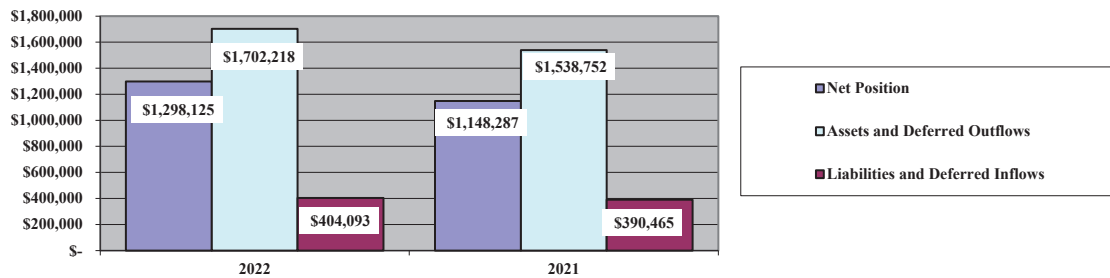
A portion of the District's net position, \$9,444,630, represents resources that are subject to external restriction on how they may be used.

The graphs below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2022 and June 30, 2021.

Governmental Activities



Business-Type Activities



**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The table below shows the change in net position for fiscal years 2022 and 2021.

	Governmental Activities		Business-type Activities (restated)		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services and sales	\$ 3,267,800	\$ 5,076,829	\$ -	\$ -	\$ 3,267,800	\$ 5,076,829
Operating grants and contributions	16,053,094	11,000,931	1,083,852	1,121,135	17,136,946	12,122,066
Capital grants and contributions	2,266	810,449	-	-	2,266	810,449
General revenues:						
Property taxes	33,768,643	33,758,742	-	-	33,768,643	33,758,742
Payment in lieu of taxes	530,508	512,667	-	-	530,508	512,667
Grants and entitlements	25,638,644	26,235,168	381,789	192,133	26,020,433	26,427,301
Investment earnings	192,441	256,767	3,607	2,052	196,048	258,819
Change in fair value of investments	(1,486,866)	(204,343)	-	-	(1,486,866)	(204,343)
Loss on disposal of capital assets	-	-	-	(1,110)	-	(1,110)
Miscellaneous	1,194,554	1,102,497	-	-	1,194,554	1,102,497
Total revenues	<u>79,161,084</u>	<u>78,549,707</u>	<u>1,469,248</u>	<u>1,314,210</u>	<u>80,630,332</u>	<u>79,863,917</u>
Expenses						
Program expenses:						
Instruction:						
Regular	28,251,117	29,609,298	-	-	28,251,117	29,609,298
Special	11,084,765	11,610,445	-	-	11,084,765	11,610,445
Vocational	3,104,402	3,439,455	-	-	3,104,402	3,439,455
Adult/continuing	109	154	-	-	109	154
Other	1,476,658	5,833,571	-	-	1,476,658	5,833,571
Support services:						
Pupil	3,167,153	3,354,362	-	-	3,167,153	3,354,362
Instructional staff	3,088,463	2,741,993	-	-	3,088,463	2,741,993
Board of education	343,601	271,688	-	-	343,601	271,688
Administration	3,638,033	4,239,560	-	-	3,638,033	4,239,560
Fiscal	1,424,321	1,370,952	-	-	1,424,321	1,370,952
Business	427,347	203,458	-	-	427,347	203,458
Operations and maintenance	7,525,944	5,709,746	-	-	7,525,944	5,709,746
Pupil transportation	2,634,124	2,005,933	-	-	2,634,124	2,005,933
Central	203,228	184,982	-	-	203,228	184,982
Operation of non-instructional services						
Other non-instructional services	417,930	555,471	-	-	417,930	555,471
Food service operations	1,631,347	1,109,672	-	-	1,631,347	1,109,672
Extracurricular activities	1,775,395	1,577,448	-	-	1,775,395	1,577,448
Interest and fiscal charges	2,474,514	2,529,709	-	-	2,474,514	2,529,709
Findlay Digital	-	-	1,319,410	1,144,288	1,319,410	1,144,288
Total expenses	<u>72,668,451</u>	<u>76,347,897</u>	<u>1,319,410</u>	<u>1,144,288</u>	<u>73,987,861</u>	<u>77,492,185</u>
Changes in net position	<u>6,492,633</u>	<u>2,201,810</u>	<u>149,838</u>	<u>169,922</u>	<u>6,642,471</u>	<u>2,371,732</u>
Net position (defici) at beginning of year	<u>(14,315,433)</u>	<u>(16,517,243)</u>	<u>1,148,287</u>	<u>978,365</u>	<u>(13,167,146)</u>	<u>(15,538,878)</u>
Net position (deficit) at end of year	<u>\$ (7,822,800)</u>	<u>\$ (14,315,433)</u>	<u>\$ 1,298,125</u>	<u>\$ 1,148,287</u>	<u>\$ (6,524,675)</u>	<u>\$ (13,167,146)</u>

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities

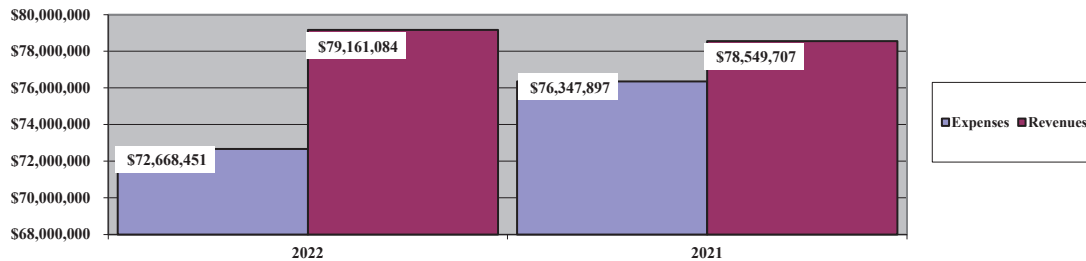
Net position of the District's governmental activities increased \$6,492,633. Total governmental expenses of \$72,668,451 were offset by program revenues of \$19,323,160 and general revenues of \$59,837,924. Program revenues supported 26.59% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State. These revenue sources account for 75.05% of total governmental revenue. The most significant increase was in the area of operating grants and contributions. Operating grants and contributions increased due to an increase in foundation funding and grants related to food service.

Overall, expenses of the governmental activities decreased \$3,679,446 or 4.82%. This decrease is primarily the result of a decrease in pension expense. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

The graph that follows presents the District's governmental activities revenue and expenses for fiscal years 2022 and 2021.

Governmental Activities - Revenues and Expenses



**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

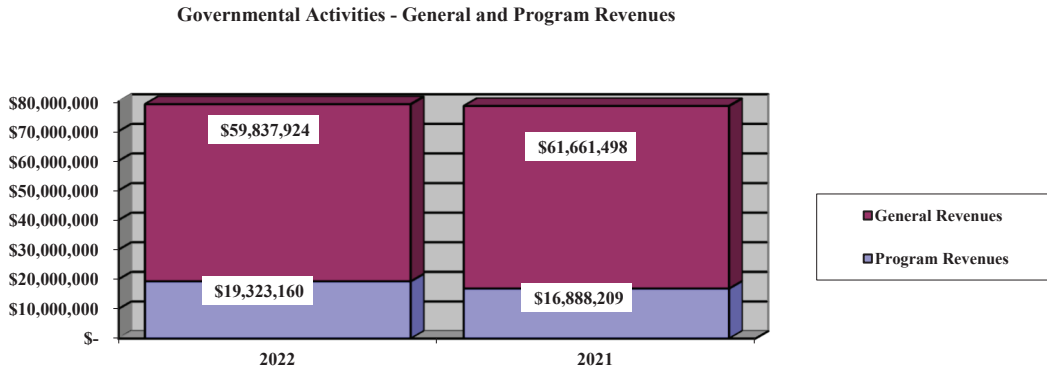
	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Governmental Activities				
Program expenses				
Instruction:				
Regular	\$ 28,251,117	\$ 22,483,622	\$ 29,609,298	\$ 25,237,139
Special	11,084,765	5,046,503	11,610,445	5,550,843
Vocational	3,104,402	2,343,220	3,439,455	2,748,684
Adult/continuing	109	(5)	154	(37)
Other	1,476,658	1,400,197	5,833,571	5,708,000
Support services:				
Pupil	3,167,153	2,223,639	3,354,362	1,677,272
Instructional staff	3,088,463	1,925,797	2,741,993	1,879,497
Board of education	343,601	343,601	271,688	271,688
Administration	3,638,033	3,623,569	4,239,560	4,230,469
Fiscal	1,424,321	1,424,248	1,370,952	1,358,895
Business	427,347	426,693	203,458	77,654
Operations and maintenance	7,525,944	6,754,340	5,709,746	4,794,106
Pupil transportation	2,634,124	2,468,430	2,005,933	1,824,822
Central	203,228	174,504	184,982	156,705
Operation of non-instructional services:				
Other non-instructional services	417,930	226,672	555,471	69,298
Food service operations	1,631,347	(1,015,467)	1,109,672	204,251
Extracurricular activities	1,775,395	1,021,214	1,577,448	1,140,693
Interest and fiscal charges	2,474,514	2,474,514	2,529,709	2,529,709
Total expenses	<u>\$ 72,668,451</u>	<u>\$ 53,345,291</u>	<u>\$ 76,347,897</u>	<u>\$ 59,459,688</u>

The dependence upon tax and other general revenues for governmental activities is apparent; as 71.21% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 73.41%. The District's taxpayers, and unrestricted grants and entitlements are the primary support for the District's students.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The graph below presents the District's governmental activities revenue for fiscal years 2022 and 2021.



Business-Type Activities

Business-type activities include the Findlay Digital Academy. This program had revenues of \$1,469,248 and expenses of \$1,319,410 for fiscal year 2022. This resulted in an increase to net position for the fiscal year of \$149,838. This fund is intended to be self-supporting through user fees and charges. Management assesses their performance to ensure that they are run efficiently.

The District's Funds

The District's governmental funds reported a combined fund balance of \$18,039,486, which is less than last year's total of \$20,268,578. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	<u>Fund Balance June 30, 2022</u>	<u>Fund Balance June 30, 2021</u>	<u>Increase (Decrease)</u>
General	\$ 8,552,831	\$ 9,151,984	\$ (599,153)
Other Governmental	<u>9,486,655</u>	<u>11,116,594</u>	<u>(1,629,939)</u>
Total	<u>\$ 18,039,486</u>	<u>\$ 20,268,578</u>	<u>\$ (2,229,092)</u>

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**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

General Fund

The District's general fund balance decreased \$599,153.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes and payments in lieu of taxes	\$ 28,917,334	\$ 29,025,787	(0.37) %
Tuition	1,896,606	4,165,768	(54.47) %
Earnings on investments	190,027	255,369	(25.59) %
Intergovernmental	28,431,446	29,243,732	(2.78) %
Other revenues	<u>(31,962)</u>	<u>1,014,218</u>	(103.15) %
Total	<u>\$ 59,403,451</u>	<u>\$ 63,704,874</u>	(6.75) %
<u>Expenditures</u>			
Instruction	\$ 39,549,769	\$ 42,752,411	(7.49) %
Support services	19,040,725	15,215,267	25.14 %
Operation of non-instructional services	152,221	101,590	49.84 %
Extracurricular activities	1,203,352	936,708	28.47 %
Debt service	<u>69,592</u>	<u>-</u>	100.00 %
Total	<u>\$ 60,015,659</u>	<u>\$ 59,005,976</u>	1.71 %

Tax revenues decreased from fiscal year 2021 to fiscal year 2022 due to a decrease in the amount of tax revenue collected. Tuition revenue decreased due to changes in the state foundation model. Earnings on investments decreased from fiscal year 2021 to fiscal year 2022 due to the decrease in the amount invested by the District and the amount earned on those investments. Expenditures related to instruction decreased as certain disbursements previously accounted for in the general fund were paid from grant funds reported in the ESSER fund (a nonmajor governmental fund) during fiscal year 2022. All other revenues and expenditures remained consistent with the prior year. The decrease in other revenue was a result in the fair value adjustment on the District's investments, which was a negative amount of \$1,468,835. Support service expenditures increased due to an increase in expenses related to pupil, instructional staff, operations and maintenance and pupil transportation.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$64,245,336, which were more than the original budget estimate of \$64,139,555. This increase is due to increased estimates in property tax revenues. Actual revenues and other financing sources for fiscal year 2022 were \$59,927,479. This represents a \$4,317,857 decrease from final budgeted revenues. The decrease was primarily due to property tax revenues being less than estimated amounts.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$64,627,000 were the same as the final budget. Actual budget basis expenditures for fiscal year 2022 totaled \$59,688,271, which was \$4,938,729 less than the final budget appropriations. The decrease was primarily a result of a decrease in instruction expenditures.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had \$88,693,581 invested in land, construction in progress, land improvements, buildings and improvements, equipment and furniture, vehicles, infrastructure and intangible right to use assets, net of accumulated depreciation. Of this total, \$88,528,257 was reported in governmental activities and \$165,324 was reported in business-type activities. The following table shows fiscal year 2022 balances compared to 2021:

	Capital Assets at June (Net of Depreciation)					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,722,570	\$ 1,722,570	\$ -	\$ -	\$ 1,722,570	\$ 1,722,570
Construction in progress	4,288,934	2,288,621	-	-	4,288,934	2,288,621
Land improvements	2,217,338	2,371,261	-	-	2,217,338	2,371,261
Buildings and improvements	73,822,574	75,836,866	-	-	73,822,574	75,836,866
Equipment and furniture	3,575,052	4,362,931	8,704	17,902	3,583,756	4,380,833
Vehicles	1,622,804	1,814,654	-	-	1,622,804	1,814,654
Infrastructure	1,210,843	1,259,031	-	-	1,210,843	1,259,031
Intangible right to use: leased building	68,142	136,283	156,620	234,930	224,762	371,213
Totals	<u>\$ 88,528,257</u>	<u>\$ 89,792,217</u>	<u>\$ 165,324</u>	<u>\$ 252,832</u>	<u>\$ 88,693,581</u>	<u>\$ 90,045,049</u>

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2022 and 2021:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
General obligation bonds	\$ 39,305,000	\$ 40,955,000
Tax anticipation notes	5,410,000	6,000,000
Lease payable	68,783	136,283
Total long-term obligations	<u>\$ 44,783,783</u>	<u>\$ 47,091,283</u>
	<u>Business-type Activities</u>	
	<u>2022</u>	<u>2021 (restated)</u>
ODE payable	\$ 231,351	\$ 347,026
Lease payable	158,558	234,930
Total long-term obligations	<u>\$ 389,909</u>	<u>\$ 581,956</u>

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Current Financial Related Activities

Fiscal year 2022 will be remembered as the year after COVID. The COVID-19 pandemic had a great and continuing impact globally, nationally and in Ohio. Education was not immune by the challenges raised by the COVID-19 pandemic. The traditional educational delivery model was significantly impacted by the pandemic during fiscal year 2021 and continued into 2022. Schools had to find alternative approaches to delivering educational opportunities mainly through the use of virtual methods. Although the District experienced academic challenges, the District had a relatively successful financial year. The General Operating Fund reported expenditures in excess of revenues by \$599,153. The fiscal year 2022 beginning balance of the General Fund was \$9,151,984 and the ending balance was \$8,552,831. The new funding model made the revenues and expenditures look considerably different.

The Fair School Funding Plan -
Rational, Understandable & Transparent
Based on Actual Costs of Ohio Education
Eliminate Artificial "Caps" on FormulaDriven Increases
Reduce the Number of Districts on Artificial "Guarantees"
Respect Local Control

The District was aided by Federal and State Grant funds intended to help schools provide financial support to create and implement modifications to the educational delivery systems and provide a safe environment for students and staff. Congress created more COVID Relief Funding which has provided an additional amount of funding through fiscal year 2023. The District has over \$12 Million available to provide transitional assistance for educational needs.

During calendar year 2020 the District placed Operating levies on each of the three election opportunities. Each time the proposed levies were presented to voters, the voters turned down the tax increase. The disruption and uncertainty caused by the COVID-19 pandemic contributed to the failed levy attempt. The District moved forward with a Five Year Strategic Plan which included fiscal stabilization. The most important of the fiscal stabilization was to consolidate the Elementary buildings. The first phase is to consolidate the Elementary buildings from eight (8) to six (6) for fiscal year 2022. The Board closed the Lincoln Elementary and re-purposed Jacobs Elementary from a K-3 building to a Preschool facility. The existing Preschool facility was re-purposed from classrooms to the Welcome Center and Administration office. This move allowed the District to move out of a leased property with some savings by sub-leasing the property to another non profit organization.

The District continues to have fiscal challenges moving forward beyond fiscal year 2023. The Board of Education and the four unions negotiated. The pressure to provide salary increases lead to an overall 2.5% on base salaries for fiscal year 2022 and 2% increase in fiscal year 2023. There were some insurance concessions to help moderate the increase in salaries. The District will need to continue the current financial position of the District into the future to maintain a health cash position. In the short term, the District has become stabilized.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer's Office at Findlay City School District, 1100 Broad Avenue, Findlay, Ohio 45840.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments	\$ 23,800,407	\$ 1,239,640	\$ 25,040,047
Cash in segregated accounts	154,000	-	154,000
Receivables:			
Property taxes	34,919,858	-	34,919,858
Payment in lieu of taxes	184,342	-	184,342
Accounts	153,811	5,250	159,061
Accrued interest	33,192	-	33,192
Intergovernmental	2,262,716	292,004	2,554,720
Leases	35,422	-	35,422
Materials and supplies inventory	5,800	-	5,800
Inventory held for resale	32,680	-	32,680
Net OPEB asset	5,111,098	-	5,111,098
Security deposit	15,000	-	15,000
Capital assets:			
Nondepreciable capital assets	6,011,504	-	6,011,504
Depreciable capital assets, net	82,516,753	165,324	82,682,077
Capital assets, net	<u>88,528,257</u>	<u>165,324</u>	<u>88,693,581</u>
Total assets	<u>155,236,583</u>	<u>1,702,218</u>	<u>156,938,801</u>
Deferred outflows of resources:			
Pension	15,871,272	-	15,871,272
OPEB	1,684,633	-	1,684,633
Total deferred outflows of resources	<u>17,555,905</u>	<u>-</u>	<u>17,555,905</u>
Liabilities:			
Accounts payable	82,914	7,869	90,783
Contracts payable	260,030	-	260,030
Retainage payable	53,971	-	53,971
Accrued wages and benefits payable	6,076,716	-	6,076,716
Intergovernmental payable	214,062	5,919	219,981
Pension and postemployment benefits payable	1,005,893	-	1,005,893
Accrued interest payable	193,770	396	194,166
Claims payable	1,138,210	-	1,138,210
Long-term liabilities:			
Due within one year	3,093,913	193,766	3,287,679
Due in more than one year:			
Net pension liability	40,335,083	-	40,335,083
Net OPEB liability	4,922,615	-	4,922,615
Other amounts due in more than one year	46,383,229	196,143	46,579,372
Total liabilities	<u>103,760,406</u>	<u>404,093</u>	<u>104,164,499</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	31,117,233	-	31,117,233
Payment in lieu of taxes levied for the next fiscal year	32,347	-	32,347
Leases	32,378	-	32,378
Pension	35,926,021	-	35,926,021
OPEB	9,746,903	-	9,746,903
Total deferred inflows of resources	<u>76,854,882</u>	<u>-</u>	<u>76,854,882</u>
Net position:			
Net investment in capital assets	43,315,657	6,766	43,322,423
Restricted for:			
Capital projects	3,602,179	-	3,602,179
Permanent fund - expendable	20,209	-	20,209
Permanent fund - nonexpendable	618,000	-	618,000
Classroom facilities maintenance	500,940	-	500,940
Debt service	1,800,003	-	1,800,003
Locally funded programs	-	924	924
State funded programs	73,389	60,850	134,239
Federally funded programs	8,251	4,306	12,557
Food service operations	874,681	-	874,681
Student activities	572,607	-	572,607
Other purposes	1,308,291	-	1,308,291
Unrestricted (deficit)	<u>(60,517,007)</u>	<u>1,225,279</u>	<u>(59,291,728)</u>
Total net position (deficit)	<u>\$ (7,822,800)</u>	<u>\$ 1,298,125</u>	<u>\$ (6,524,675)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Instruction:				
Regular	\$ 28,251,117	\$ 784,283	\$ 4,982,123	\$ 1,089
Special	11,084,765	470,733	5,567,527	2
Vocational	3,104,402	87,583	673,599	-
Adult/continuing	109	114	-	-
Other	1,476,658	-	76,461	-
Support services:				
Pupil	3,167,153	70,610	872,904	-
Instructional staff	3,088,463	549,768	612,898	-
Board of education	343,601	-	-	-
Administration	3,638,033	14,464	-	-
Fiscal	1,424,321	-	-	73
Business	427,347	-	-	654
Operations and maintenance	7,525,944	372,819	398,614	171
Pupil transportation	2,634,124	7,188	158,248	258
Central	203,228	2,501	26,223	-
Operation of non-instructional services:				
Food service operations	1,631,347	128,944	2,517,870	-
Other non-instructional services	417,930	149,001	42,257	-
Extracurricular activities	1,775,395	629,792	124,370	19
Interest and fiscal charges	2,474,514	-	-	-
Total governmental activities	<u>72,668,451</u>	<u>3,267,800</u>	<u>16,053,094</u>	<u>2,266</u>
Business-type activities:				
Findlay Digital Academy	<u>1,319,410</u>	<u>-</u>	<u>1,083,852</u>	<u>-</u>
Total business-type activities	<u>1,319,410</u>	<u>-</u>	<u>1,083,852</u>	<u>-</u>
Totals	<u>\$ 73,987,861</u>	<u>\$ 3,267,800</u>	<u>\$ 17,136,946</u>	<u>\$ 2,266</u>

General revenues:

Property taxes levied for:
 General purposes
 Debt service
 Capital outlay
Payments in lieu of taxes
Grants and entitlements not restricted
to specific programs
Investment earnings
Decrease in fair value of investments
Miscellaneous
Total general revenues

Change in net position

Net position (deficit) at beginning of year (restated)

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (22,483,622)	\$ -	\$ (22,483,622)
(5,046,503)	-	(5,046,503)
(2,343,220)	-	(2,343,220)
5	-	5
(1,400,197)	-	(1,400,197)
(2,223,639)	-	(2,223,639)
(1,925,797)	-	(1,925,797)
(343,601)	-	(343,601)
(3,623,569)	-	(3,623,569)
(1,424,248)	-	(1,424,248)
(426,693)	-	(426,693)
(6,754,340)	-	(6,754,340)
(2,468,430)	-	(2,468,430)
(174,504)	-	(174,504)
1,015,467	-	1,015,467
(226,672)	-	(226,672)
(1,021,214)	-	(1,021,214)
(2,474,514)	-	(2,474,514)
<u>(53,345,291)</u>	<u>-</u>	<u>(53,345,291)</u>
-	(235,558)	(235,558)
-	(235,558)	(235,558)
<u>(53,345,291)</u>	<u>(235,558)</u>	<u>(53,580,849)</u>
28,377,362	-	28,377,362
3,565,163	-	3,565,163
1,826,118	-	1,826,118
530,508	-	530,508
25,638,644	381,789	26,020,433
192,441	3,607	196,048
(1,486,866)	-	(1,486,866)
1,194,554	-	1,194,554
<u>59,837,924</u>	<u>385,396</u>	<u>60,223,320</u>
6,492,633	149,838	6,642,471
(14,315,433)	1,148,287	(13,167,146)
<u>\$ (7,822,800)</u>	<u>\$ 1,298,125</u>	<u>\$ (6,524,675)</u>

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 11,438,851	\$ 9,483,142	\$ 20,921,993
Receivables:			
Property taxes	29,345,857	5,574,001	34,919,858
Payment in lieu of taxes	160,670	23,672	184,342
Accounts	131,541	22,270	153,811
Accrued interest	32,485	707	33,192
Intergovernmental	564,640	1,698,076	2,262,716
Leases	35,422	-	35,422
Materials and supplies inventory	-	5,800	5,800
Inventory held for resale	-	32,680	32,680
Due from other funds	1,125,528	-	1,125,528
Security deposit	15,000	-	15,000
Total assets	<u>\$ 42,849,994</u>	<u>\$ 16,840,348</u>	<u>\$ 59,690,342</u>
Liabilities:			
Accounts payable	\$ 69,038	\$ 13,876	\$ 82,914
Contracts payable	-	260,030	260,030
Retainage payable	-	53,971	53,971
Accrued wages and benefits payable	5,510,508	566,208	6,076,716
Compensated absences payable	135,018	3,369	138,387
Intergovernmental payable	202,367	11,695	214,062
Pension and postemployment benefits payable	966,587	39,306	1,005,893
Due to other funds	-	1,125,528	1,125,528
Total liabilities	<u>6,883,518</u>	<u>2,073,983</u>	<u>8,957,501</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	26,159,286	4,957,947	31,117,233
Payment in lieu of taxes levied for the next fiscal year	28,193	4,154	32,347
Delinquent property tax revenue not available	759,105	146,756	905,861
Intergovernmental revenue not available	427,846	170,853	598,699
Accrued interest not available	6,837	-	6,837
Leases	32,378	-	32,378
Total deferred inflows of resources	<u>27,413,645</u>	<u>5,279,710</u>	<u>32,693,355</u>

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	5,800	5,800
Permanent fund	-	618,000	618,000
Restricted:			
Debt service	-	1,890,783	1,890,783
Capital improvements	-	3,725,763	3,725,763
Classroom facilities maintenance	-	500,940	500,940
Food service operations	-	944,412	944,412
State funded programs	-	73,042	73,042
Federally funded programs	-	12,101	12,101
Extracurricular	-	582,426	582,426
Scholarships	-	20,209	20,209
Other purposes	-	1,311,200	1,311,200
Assigned:			
Student instruction	1,018,491	-	1,018,491
Student and staff support	584,101	-	584,101
Extracurricular activities	6,065	-	6,065
Subsequent year's appropriations	3,815,729	-	3,815,729
Public school support	149,707	-	149,707
Future claims	183,814	-	183,814
School supplies	703,350	-	703,350
Other purposes	479,768	-	479,768
Unassigned (deficit)	1,611,806	(198,021)	1,413,785
Total fund balances	<u>8,552,831</u>	<u>9,486,655</u>	<u>18,039,486</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 42,849,994</u>	<u>\$ 16,840,348</u>	<u>\$ 59,690,342</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Total governmental fund balances		\$	18,039,486
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			88,528,257
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	905,861	
Accrued interest receivable		6,837	
Intergovernmental receivable		598,699	
Total		598,699	1,511,397
An 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 are included in governmental activities on the statement of net position.			1,894,204
Unamortized premiums on bonds issued are not recognized in the funds.			(282,166)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(193,770)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		15,871,272	
Deferred inflows - pension		(35,926,021)	
Net pension liability		(40,335,083)	
Deferred outflows - OPEB		1,684,633	
Deferred inflows - OPEB		(9,746,903)	
Net OPEB asset		5,111,098	
Net OPEB liability		(4,922,615)	
Total		(68,263,619)	(68,263,619)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(39,305,000)	
Tax anticipation notes		(5,410,000)	
Lease liability		(68,783)	
Compensated absences		(4,272,806)	
Total		(49,056,589)	(49,056,589)
Net position of governmental activities		\$	(7,822,800)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 28,443,341	\$ 5,404,247	\$ 33,847,588
Intergovernmental	28,431,446	13,491,856	41,923,302
Investment earnings	190,027	7,194	197,221
Tuition and fees	1,896,606	405	1,897,011
Extracurricular	20,079	632,401	652,480
Rental income	5,099	367,125	372,224
Charges for services	71,576	128,944	200,520
Contributions and donations	160	379,959	380,119
Payment in lieu of taxes	473,993	56,515	530,508
Miscellaneous	1,339,959	224,354	1,564,313
Change in fair value of investments	(1,468,835)	(18,031)	(1,486,866)
Total revenues	<u>59,403,451</u>	<u>20,674,969</u>	<u>80,078,420</u>
Expenditures:			
Current:			
Instruction:			
Regular	25,455,721	5,216,328	30,672,049
Special	9,788,718	2,726,957	12,515,675
Vocational	2,909,659	256,087	3,165,746
Adult/continuing	109	-	109
Other	1,395,562	84,751	1,480,313
Support services:			
Pupil	3,059,627	500,121	3,559,748
Instructional staff	2,862,507	582,154	3,444,661
Board of education	343,601	-	343,601
Administration	3,950,165	-	3,950,165
Fiscal	1,369,121	94,107	1,463,228
Business	-	426,913	426,913
Operations and maintenance	4,802,451	1,295,503	6,097,954
Pupil transportation	2,446,130	171,146	2,617,276
Central	207,123	25,284	232,407
Operation of non-instructional services:			
Food service operations	-	1,728,208	1,728,208
Other non-instructional services	152,221	151,532	303,753
Extracurricular activities	1,203,352	707,351	1,910,703
Facilities acquisition and construction	-	3,605,669	3,605,669
Debt service:			
Principal retirement	67,500	2,240,000	2,307,500
Interest and fiscal charges	2,092	2,499,239	2,501,331
Total expenditures	<u>60,015,659</u>	<u>22,311,350</u>	<u>82,327,009</u>
Excess of expenditures over revenues	<u>(612,208)</u>	<u>(1,636,381)</u>	<u>(2,248,589)</u>
Other financing sources:			
Sale/loss of assets	13,055	-	13,055
Total other financing sources	<u>13,055</u>	<u>-</u>	<u>13,055</u>
Net change in fund balances	(599,153)	(1,636,381)	(2,235,534)
Fund balances at beginning of year	9,151,984	11,116,594	20,268,578
Change in reserve for inventory	-	6,442	6,442
Fund balances at end of year	<u>\$ 8,552,831</u>	<u>\$ 9,486,655</u>	<u>\$ 18,039,486</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$	(2,235,534)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 2,088,475	
Current year depreciation	<u>(3,352,435)</u>	
Total		(1,263,960)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		6,442
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(78,945)	
Earnings on investments	(4,780)	
Intergovernmental	<u>(909,615)</u>	
Total		(993,340)
Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		2,307,500
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) in accrued interest payable	8,514	
Amortization of bond premiums	<u>18,303</u>	
Total		26,817
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	5,901,436	
OPEB	<u>173,109</u>	
Total		6,074,545
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	1,965,551	
OPEB	<u>584,349</u>	
Total		2,549,900
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(165,420)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>185,683</u>
Change in net position of governmental activities	\$	<u><u>6,492,633</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 31,240,072	\$ 31,345,853	\$ 28,786,590	\$ (2,559,263)
Intergovernmental	25,000,000	25,000,000	28,232,870	3,232,870
Investment earnings	100,000	100,000	162,970	62,970
Tuition and fees	7,349,483	7,349,483	651,970	(6,697,513)
Rental income	-	-	2,254	2,254
Payment in lieu of taxes	450,000	450,000	363,859	(86,141)
Miscellaneous	-	-	1,213,911	1,213,911
Total revenues	<u>64,139,555</u>	<u>64,245,336</u>	<u>59,414,424</u>	<u>(4,830,912)</u>
Expenditures:				
Current:				
Instruction:				
Regular	28,601,997	28,601,997	25,688,506	2,913,491
Special	9,228,347	9,228,347	9,670,401	(442,054)
Vocational	2,746,399	2,746,399	3,196,996	(450,597)
Other	5,715,315	5,715,315	1,423,816	4,291,499
Support services:				
Pupil	2,326,323	2,326,323	2,678,465	(352,142)
Instructional staff	1,974,480	1,974,480	2,304,217	(329,737)
Board of education	276,023	276,023	367,731	(91,708)
Administration	4,223,343	4,223,343	4,025,787	197,556
Fiscal	1,428,396	1,428,396	1,366,507	61,889
Operations and maintenance	4,292,461	4,292,461	5,094,439	(801,978)
Pupil transportation	2,079,729	2,079,729	2,472,539	(392,810)
Central	192,467	192,467	200,913	(8,446)
Operation of non-instructional services:				
Other non-instructional services	-	-	175	(175)
Extracurricular activities	966,720	966,720	1,197,779	(231,059)
Total expenditures	<u>64,052,000</u>	<u>64,052,000</u>	<u>59,688,271</u>	<u>4,363,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>87,555</u>	<u>193,336</u>	<u>(273,847)</u>	<u>(467,183)</u>
Other financing sources (uses):				
Transfers (out)	(75,000)	(75,000)	-	75,000
Advances in	-	-	500,000	500,000
Advances (out)	(500,000)	(500,000)	-	500,000
Sale of capital assets	-	-	13,055	13,055
Total other financing sources (uses)	<u>(575,000)</u>	<u>(575,000)</u>	<u>513,055</u>	<u>1,088,055</u>
Net change in fund balance	(487,445)	(381,664)	239,208	620,872
Fund balance at beginning of year	8,410,727	8,410,727	8,410,727	-
Prior year encumbrances appropriated	2,169,005	2,169,005	2,169,005	-
Fund balance at end of year	<u>\$ 10,092,287</u>	<u>\$ 10,198,068</u>	<u>\$ 10,818,940</u>	<u>\$ 620,872</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Assets:		
Current assets:		
Equity in pooled cash and investments	\$ 1,239,640	\$ 2,878,414
Cash in segregated accounts	-	154,000
Receivables:		
Accounts	5,250	-
Intergovernmental	292,004	-
Total current assets	<u>1,536,894</u>	<u>3,032,414</u>
Noncurrent assets:		
Depreciable capital assets, net	165,324	-
Total noncurrent assets	<u>165,324</u>	<u>-</u>
Total assets	<u>1,702,218</u>	<u>3,032,414</u>
Liabilities:		
Current liabilities:		
Accounts payable	7,869	-
Intergovernmental payable	5,919	-
Lease payable	78,091	-
Claims payable	-	1,138,210
Accrued interest payable	396	-
ODE payable	115,675	-
Total current liabilities	<u>207,950</u>	<u>1,138,210</u>
Long-term liabilities:		
Lease payable	80,467	-
ODE payable	115,676	-
Total long-term liabilities	<u>196,143</u>	<u>-</u>
Total liabilities	<u>404,093</u>	<u>1,138,210</u>
Net position:		
Investment in capital assets	6,766	-
Restricted for locally funded programs	924	-
Restricted for state funded programs	60,850	-
Restricted for federal programs	4,306	-
Unrestricted	1,225,279	1,894,204
Total net position	<u>\$ 1,298,125</u>	<u>\$ 1,894,204</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Charges for services	\$ -	\$ 9,854,795
Foundation revenue	1,071,738	-
Other	12,114	-
Total operating revenues	<u>1,083,852</u>	<u>9,854,795</u>
Operating expenses:		
Personal services	-	412,504
Purchased services	1,157,302	1,717,557
Materials and supplies	63,444	-
Other	2,764	-
Claims	-	7,539,051
Depreciation/amortization	90,096	-
Total operating expenses	<u>1,313,606</u>	<u>9,669,112</u>
Operating income (loss)	<u>(229,754)</u>	<u>185,683</u>
Nonoperating revenues (expenses):		
Grants and subsidies	381,789	-
Interest revenue	3,607	-
Interest and fiscal charges	(5,804)	-
Total nonoperating revenues (expenses)	<u>379,592</u>	<u>-</u>
Change in net position	149,838	185,683
Net position at beginning of year (restated)	<u>1,148,287</u>	<u>1,708,521</u>
Net position at end of year	<u>\$ 1,298,125</u>	<u>\$ 1,894,204</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from state foundation	\$ 1,014,565	\$ -
Cash received from charges for services	-	9,854,795
Cash received from other operations	6,864	-
Cash payments for personal services	-	(412,504)
Cash payments for contractual services	(1,150,492)	-
Cash payments for purchased services	-	(1,554,548)
Cash payments for materials and supplies	(63,471)	-
Cash payments for claims	-	(7,487,151)
Cash payments for other expenses	(2,764)	-
	<u>(195,298)</u>	<u>400,592</u>
Net cash provided by (used in) operating activities:		
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies	168,803	-
Cash used in repayment of foundation settlement	(115,675)	-
	<u>53,128</u>	<u>-</u>
Net cash provided by noncapital financing activities:		
Cash flows from capital and related financing activities:		
Interest and fiscal charges	(5,804)	-
Principal retirement on lease	(76,372)	-
Acquisition of capital assets	(2,588)	-
	<u>(84,764)</u>	<u>-</u>
Net cash used in capital and related financing activities:		
Cash flows from investing activities:		
Interest received	3,607	-
	<u>3,607</u>	<u>-</u>
Net cash provided by investing activities:		
	<u>3,607</u>	<u>-</u>
Net increase in cash and cash equivalents	(223,327)	400,592
Cash and cash equivalents at beginning of year (restated)	1,462,967	2,631,822
Cash and cash equivalents at end of year	\$ 1,239,640	\$ 3,032,414
	<u>\$ 1,239,640</u>	<u>\$ 3,032,414</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (229,754)	\$ 185,683
Adjustments:		
Depreciation/amortization	90,096	-
Changes in assets and liabilities:		
Accounts receivable	(5,250)	-
Intergovernmental receivable	(21,135)	-
Accounts payable	3,913	-
Intergovernmental payable	(33,564)	-
Accrued interest payable	396	-
Claims payable	-	214,909
	<u>-</u>	<u>214,909</u>
Net cash provided by (used in) operating activities:	\$ (195,298)	\$ 400,592
	<u>\$ (195,298)</u>	<u>\$ 400,592</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Findlay City School District (the “District”) is located in Hancock County in northwest Ohio. The District is located in a prosperous community, which includes most of the City of Findlay.

The District operates under a locally elected, five-member Board and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. The Board controls the District’s fourteen instructional facilities and one support facility staffed by 478 certified teaching personnel, 339 classified support personnel, and 26 administrators.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

It currently operates 9 elementary schools, 2 middle schools, 1 high school, and a vocational center, to provide services to approximately 5,288 students in grades pre-K-12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with 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 an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has one blended component unit. The basic financial statements of the reporting entity include only those of the District (the primary government).

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

BLENDDED COMPONENT UNIT

Findlay Digital Academy

The Findlay Digital Academy (the “Academy”) is a Conversion Community School established pursuant to Ohio Revised Code, Chapter 3314. The Academy is sponsored by the District to serve ninth through twelfth grade students living in the District. The Academy’s mission is to enhance and facilitate student learning by combining state-of-the-art digital curriculum with access to local school resources to complement that instruction and prepare students to become lifelong learners and productive citizens. The Academy is governed by a seven-member Board of Directors, the majority of which are public officials or public sector employees who have a professional interest in furthering the establishment of the Academy, the District’s Superintendent, who serves as the non-voting Board President, and can also include one or more parents of enrolled students and community civic leaders. The Academy’s Treasurer serves as a non-voting ex-officio member of the Board. The Academy issues a publicly available, stand-alone financial report that includes basic financial statements and supplementary information. This report may be obtained by writing to Steve Earnest, Treasurer, Findlay Digital Academy at, 1219 West Main Cross, Suite 101, Findlay, Ohio 45840.

The Academy is included as a blended component unit of the District because the District is the sole corporate member as identified in the Academy’s code of regulations and appoints the Academy’s Board of Directors. The District is able to significantly influence the programs or services performed or provided by the organization. In addition, through contractual arrangements, the District is able to access a significant portion of the Academy’s resources. The Academy is reported in the District’s financial statements as a nonmajor enterprise fund.

JOINTLY GOVERNED ORGANIZATION

Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, Auglaize, Mercer, Hardin, Wyandot, Seneca, Wood and Van Wert counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

The Governing Board of NOACSC consists of two representatives from Hancock, Paulding, Allen, Mercer, Putnam, and Van Wert counties and two at large members. Financial information can be obtained from Ray Burden, who serves as Director, at 4277 East Rd, Elida, Ohio 45807.

PUBLIC ENTITY RISK POOL

Workers’ Compensation Retrospective Ratings Plan

The District participates in the Bureau of Workers’ Compensation Retrospective Rating Plan. See Note 11.B. for further details on this alternative rating plan.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows is reported as fund balance. The following is the District's major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest and (d) resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The following is a description of the District's proprietary funds:

Enterprise fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises in which 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 enterprise fund is used to account for the Findlay Digital Academy.

Internal service fund - The internal service fund is used to account for the financing of services provided by one fund or department to other funds or departments of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides insurance benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The District's fiduciary fund category split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

C. Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

Like the government-wide statements, proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of this fund are included on the statement of fund 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 District finances and meets the cash flow needs of its proprietary activity.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary funds' principal ongoing operation. For the District, these revenues are foundation revenue and expenses incurred in operating the Findlay Digital Academy and charges for services revenue and claims administrative expenses for the internal service fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 12 and 13 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively.

For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

For the District, see Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the fiscal year is reported in the financial statements as an expense with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets

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 tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund and function level for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Tax Budget:

A budget of estimated cash receipts is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the function level in the general fund or the fund level for all other funds must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund which covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements may not legally exceed budgeted appropriations at the legal level of control.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2022, investments were limited to nonnegotiable certificates of deposits, negotiable certificates of deposit, federal agency securities, U.S. government money market mutual funds, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

During fiscal year 2022, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$190,027, which includes \$94,883 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

G. Inventory

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

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spending resources even though it is a component of net current assets. Inventory consists of donated and purchased food.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets used by the enterprise fund are reported in both the business-type activities column of the government-wide financial statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition value. The District maintains a capitalization threshold of \$2,500 for assets related to governmental activities and \$1,000 for assets related to business-type activities. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	20 years	-
Buildings and improvements	25 - 50 years	-
Equipment and furniture	5 - 20 years	5 years
Vehicles	5 - 10 years	-
Infrastructure	30 years	-
Intangible leased assets	5 years	3 years

The District is reporting intangible right to use assets related to leased buildings. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2021, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, employees age 50 with at least 10 years of service and any employees with at least 15 years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2022 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported in the government-wide financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent payments come due each period upon the occurrence of employee resignations or retirements. The balance of the liability is not recorded.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans and capital lease obligations are recognized as a liability on the fund financial statements when due. Net pension / OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension / OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

K. Permanent Fund

The District's special revenue scholarship fund activity includes donor restricted endowments. Endowments, in the amount of \$618,000, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenses by the District is \$20,209 which is included as a restricted fund balance for scholarships. State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used to provide scholarships each fiscal year.

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the treasurer to assign fund balance, the Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations and a special trust.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. During fiscal year 2022, there were no transfers between governmental and business-type activities.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Interfund services provided and used are not eliminated in the government-wide statement of activities. 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 the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Q. Parochial Schools

St. Michael's Elementary and Heritage Christian School are operated within the District boundaries. Current state legislation provides funding to state chartered parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these state monies by the District are reflected in a nonmajor governmental fund for financial reporting purposes.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During the current fiscal year, the District reported neither transaction.

S. Bond Premium

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the government-wide and fund financial statements, bond issuance costs are expensed during the fiscal year in which they are incurred.

T. Security Deposit

At June 30, 2022, the District had a deposit of \$15,000 with Great Scot, Inc. as security for the faithful performance of all lease covenants and conditions of the property leased. The deposit is recorded on the accompanying statement of net position as a non-current asset.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

U. Pensions/Other Postemployment Benefits (OPEB)

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

V. Fair Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2022, the District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the District's fiscal year 2022 financial statements. The District recognized \$41,223 in governmental activities in leases receivable at July 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The District also recognized \$136,283 in governmental activities in leases payable at July 1, 2021; however, this entire amount was offset by the intangible asset, right to use lease - building.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Auxiliary services	\$ 13,789
ESSER	46,095
IDEA Part B	32,940
Vocational education	61,292
Title I - disadvantaged children	43,905

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Prior Period Adjustment

In accordance with GASB Statement No. 80, "*Blending Requirements for Certain Component Units*", at July 1, 2021, the District has reported the Findlay Digital Academy as a blended component unit, rather than a discretely presented component unit as previously reported at June 30, 2021. The Findlay Digital Academy is reported in the District's financial statements as a nonmajor enterprise fund. See Note 2.A for details on the blended component unit.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. 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 and interest by the United States;
2. 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 and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had \$1,427 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Cash in Segregate Accounts

At fiscal year end, the District had \$154,000 in cash in segregated accounts held by their third-party administrator related to the District's self-funding of health care.

C. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all District deposits was \$3,789,001 and the bank balance of all District deposits was \$4,699,358. Of the bank balance, \$833,696 was covered by the FDIC, \$1,932,831 was covered by the Ohio Pooled Collateral System and \$1,932,831 was exposed to custodial credit risk because this amount was uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2022, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	More than 24 months
Fair Value:						
FHLB	\$ 3,106,818	\$ 900,747	\$ -	\$ -	\$ 893,988	\$ 1,312,083
FNMA	2,704,730	-	-	-	-	2,704,730
FHLMC	2,656,920	-	897,615	-	-	1,759,305
U.S. Government money markets	1,657,211	1,657,211	-	-	-	-
Negotiable CD's	2,410,332	245,875	985,679	249,533	-	929,245
Amortized Cost:						
STAR Ohio	8,713,608	8,713,608	-	-	-	-
Total	<u>\$ 21,249,619</u>	<u>\$ 11,517,441</u>	<u>\$ 1,883,294</u>	<u>\$ 249,533</u>	<u>\$ 893,988</u>	<u>\$ 6,705,363</u>

The weighted average maturity of investments is 1.15 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FNMA, FHLB, FHLMC), and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's investment policy addresses interest rate risk by requiring the consideration of cash flow requirements and market conditions in determining the term of an investment and limiting investment portfolio maturities to five years or less.

Credit Risk: The District's investments, except for STAR Ohio, were rated AA+ and AAA by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CDs are fully covered by the FDIC. The District's investment policy does not specifically address credit risk beyond the adherence to Chapter 135 of the Ohio Revised Code, of which all relevant provisions are described previously in this note disclosure (Note 4).

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. State statute prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee. The District's investment policy does not specifically address custodial credit risk beyond the adherence to this requirement.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of fair value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Measurement <u>Investment type</u>	Measurement <u>Value</u>	Percent <u>of Total</u>
Fair Value:		
FHLB	\$ 3,106,818	14.62
FNMA	2,704,730	12.73
FHLMC	2,656,920	12.50
U.S. Government money markets	1,657,211	7.80
Negotiable CD's	2,410,332	11.34
Amortized Cost:		
STAR Ohio	<u>8,713,608</u>	<u>41.01</u>
Total	<u>\$ 21,249,619</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of June 30, 2022:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 3,789,001
Investments	21,249,619
Cash in segregated accounts	154,000
Cash on hand	<u>1,427</u>
Total	<u>\$ 25,194,047</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 23,954,407
Business-type activities	<u>1,239,640</u>
Total	<u>\$ 25,194,047</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2022, as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Payable fund</u>	<u>Receivable fund</u>	<u>Amount</u>
Nonmajor governmental funds	General fund	<u>\$ 1,125,528</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested, but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property located within the District. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Hancock County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was \$2,427,466 in the general fund, \$309,494 in the bond retirement fund (a nonmajor governmental fund) and \$159,804 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2021 was \$2,770,715 in the general fund, \$353,735 in the bond retirement fund (a nonmajor governmental fund) and \$182,625 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 880,075,360	92.68	\$ 881,486,720	92.34
Public utility personal	<u>69,542,970</u>	<u>7.32</u>	<u>73,082,430</u>	<u>7.66</u>
Total	<u>\$ 949,618,330</u>	<u>100.00</u>	<u>\$ 954,569,150</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$58.25		\$58.25	
Permanent improvements	2.50		2.50	
Bond retirement	4.20		4.20	

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7 - PAYMENTS IN LIEU OF TAXES

According to State law, Hancock County has entered into agreements with property owners under which Hancock County has granted property tax abatements to those property owners and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to Hancock County to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by those owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners. The District received \$530,508 in payments in lieu of taxes during fiscal year 2022, and a receivable of \$184,342 has been reported on the statement of net position.

NOTE 8 – RECEIVABLES

A. Other Receivables

Receivables at June 30, 2022 consisted of property taxes, payments in lieu of taxes (PILOT), accounts (billings for user charged services and student fees), accrued interest, intergovernmental grants and entitlements and leases. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 34,919,858
PILOT	184,342
Accounts	153,811
Intergovernmental	2,262,716
Accrued interest	33,192
Leases	<u>35,422</u>
Total	<u>\$ 37,589,341</u>

Business-type activities:

Accounts	\$ 5,250
Intergovernmental	<u>292,004</u>
Total	<u>\$ 297,254</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables, with the exception of the leases, are expected to be collected in the subsequent year.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 – RECEIVABLES - (Continued)

B. Leases Receivable

The District is reporting leases receivable of \$35,422 in the general fund. For fiscal year 2022, the District recognized lease revenue of \$8,845, which is reported in rental income, and interest revenue of \$287.

The District has entered into a lease agreement for building space rent with the following years and terms as follows:

<u>Description</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Building Space	2022	2	2023	Monthly

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 35,422	\$ 578	\$ 36,000
Total	<u>\$ 35,422</u>	<u>\$ 578</u>	<u>\$ 36,000</u>

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported capital assets for the right to use leased buildings which are reflected in the schedule below.

A. Governmental activities capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance			Balance
<u>Governmental activities:</u>	<u>06/30/21</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/22</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,722,570	\$ -	\$ -	\$ 1,722,570
Construction in progress	2,288,621	2,000,313	-	4,288,934
<i>Total capital assets, not being depreciated/amortized</i>	<u>4,011,191</u>	<u>2,000,313</u>	<u>-</u>	<u>6,011,504</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	4,756,106	49,742	-	4,805,848
Buildings and improvements	108,486,444	20,134	-	108,506,578
Equipment and furniture	14,901,574	18,286	-	14,919,860
Vehicles	4,621,457	-	-	4,621,457
Infrastructure	1,450,306	-	-	1,450,306
Intangible right to use: leased building	136,283	-	-	136,283
<i>Total capital assets, being depreciated/amortized</i>	<u>134,352,170</u>	<u>88,162</u>	<u>-</u>	<u>134,440,332</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(2,384,845)	(203,665)	-	(2,588,510)
Buildings and improvements	(32,649,578)	(2,034,426)	-	(34,684,004)
Equipment and furniture	(10,538,643)	(806,165)	-	(11,344,808)
Vehicles	(2,806,803)	(191,850)	-	(2,998,653)
Infrastructure	(191,275)	(48,188)	-	(239,463)
Intangible right to use: leased building	-	(68,141)	-	(68,141)
<i>Total accumulated depreciation/amortization</i>	<u>(48,571,144)</u>	<u>(3,352,435)</u>	<u>-</u>	<u>(51,923,579)</u>
Total capital assets, net	<u>\$ 89,792,217</u>	<u>\$ (1,263,960)</u>	<u>\$ -</u>	<u>\$ 88,528,257</u>

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,473,056
Special	306,586
Vocational	364,357
<u>Support services:</u>	
Pupil	77,188
Instructional staff	92,119
Administration	149,396
Fiscal	67,165
Business	434
Operations and maintenance	336,196
Pupil transportation	229,529
Other non-instructional services	150,485
Extracurricular activities	81,215
Food service operations	<u>24,709</u>
Total depreciation expense	<u>\$ 3,352,435</u>

B. Business-type activities capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance			Balance
<u>Business-type activities:</u>	<u>06/30/21</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/22</u>
<i>Capital assets, being depreciated/amortized:</i>				
Equipment and furniture	\$ 173,280	\$ 2,588	\$ -	\$ 175,868
Intangible right to use: leased building	<u>234,930</u>	<u>-</u>	<u>-</u>	<u>234,930</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>408,210</u>	<u>2,588</u>	<u>-</u>	<u>410,798</u>
<i>Less: accumulated depreciation/amortization:</i>				
Equipment and furniture	(155,378)	(11,786)	-	(167,164)
Intangible right to use: leased building	<u>-</u>	<u>(78,310)</u>	<u>-</u>	<u>(78,310)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(155,378)</u>	<u>(90,096)</u>	<u>-</u>	<u>(245,474)</u>
Total capital assets, net	<u>\$ 252,832</u>	<u>\$ (87,508)</u>	<u>\$ -</u>	<u>\$ 165,324</u>

Business-type activities:

Findlay Digital Academy	<u>\$ 90,096</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 90,096</u>

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported obligations for leases payable which are reflected in the schedules below.

A. During fiscal year 2022, the following changes occurred in the governmental activities long-term obligations.

<u>Governmental activities:</u>	Restated Balance 06/30/21	<u>Increases</u>	<u>Decreases</u>	Balance 06/30/22	Amount Due in One Year
G.O. current interest bonds payable, Series 2010	\$ 40,955,000	\$ -	\$ (1,650,000)	\$ 39,305,000	\$ 1,835,000
Tax Anticipation Notes, Series 2021 - direct borrowing	6,000,000	-	(590,000)	5,410,000	560,000
Lease payable	136,283	-	(67,500)	68,783	68,783
Net pension liability	79,644,127	-	(39,309,044)	40,335,083	-
Net OPEB liability	6,056,783	-	(1,134,168)	4,922,615	-
Compensated absences	<u>4,416,192</u>	<u>793,463</u>	<u>(798,462)</u>	<u>4,411,193</u>	<u>630,130</u>
Total governmental activities	<u>\$ 137,208,385</u>	<u>\$ 793,463</u>	<u>\$ (43,549,174)</u>	94,452,674	<u>\$ 3,093,913</u>
			Unamortized premium on bonds	<u>282,166</u>	
			Total on statement of net position	<u>\$ 94,734,840</u>	

Net pension liabilities will be paid out of the fund from which the employee is paid, which is primarily the general fund for the District. See Note 12 for details of the Net Pension Liability.

Net OPEB liabilities will be paid out of the fund from which the employee is paid, which is primarily the general fund for the District. See Note 13 for details of the Net OPEB Liability/Asset.

Compensated absences will be paid out of the fund from which the employee is paid, which is primarily the general fund for the District.

General obligation bonds

On January 21, 2010, the District issued general obligation bonds (Series 2010, School Facilities Improvement Bonds) for construction and renovation of District buildings as part of the Ohio School Facilities Commission project. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds will be recorded as expenditures in the bond retirement fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

This issue was comprised of current interest bonds, present value \$53,975,000, and capital appreciation bonds, par value \$217,135. The final capital appreciation bonds matured December 1, 2017 (stated interest 20%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated on this issue is December 1, 2037.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the long-term bonds are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2023	\$ 1,835,000	\$ 2,319,923	\$ 4,154,923
2024	1,895,000	2,222,455	4,117,455
2025	1,960,000	2,118,828	4,078,828
2026	2,030,000	2,008,578	4,038,578
2027	2,105,000	1,888,588	3,993,588
2028 - 2032	11,835,000	7,394,136	19,229,136
2033 - 2037	14,405,000	3,335,156	17,740,156
2038	<u>3,240,000</u>	<u>101,250</u>	<u>3,341,250</u>
Total	<u>\$ 39,305,000</u>	<u>\$ 21,388,914</u>	<u>\$ 60,693,914</u>

Tax Anticipation Notes, Series 2021

On April 12, 2021, the District issued \$6,000,000 in general obligation tax anticipation notes to provide on-going permanent improvements through the District including the acquisition and installation of modular classrooms. The tax anticipation notes are capital related and long-term in nature and therefore are reported as a long-term obligation of the governmental activities. The notes bear an interest rate of 1.448% and mature on December 1, 2030. Interest payments are due June 1 and December 1 of each year. Principal and interest payments are paid from the permanent improvement fund. As of June 30, 2022, the remaining balance of the Series 2021 Tax anticipation notes is \$5,410,000.

The tax anticipation note is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender (Key Government Finance, Inc.) and are not offered for public sale. The note is collateralized by future tax collections.

Principal and interest requirements to retire Series 2021 Tax anticipation notes outstanding at June 30, 2022, are as follows:

Fiscal Year Ending June 30	Tax anticipation notes		
	Principal	Interest	Total
2023	\$ 560,000	\$ 74,282	\$ 634,282
2024	570,000	66,101	636,101
2025	580,000	57,775	637,775
2026	590,000	49,304	639,304
2027	600,000	40,689	640,689
2028 - 2031	<u>2,510,000</u>	<u>73,559</u>	<u>2,583,559</u>
Total	<u>\$ 5,410,000</u>	<u>\$ 361,710</u>	<u>\$ 5,771,710</u>

Leases Payable

The District has entered into lease agreements for the use of right to use building space. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The District has entered into a lease agreement for building space terms as follows:

<u>Description</u>	<u>Lease Commencement Date (fiscal year)</u>	<u>Years</u>	<u>Lease End Date (fiscal year)</u>	<u>Payment Method</u>
Building Space	2017	7	2023	Monthly

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 68,783	\$ 2,092	\$ 70,875
Total	<u>\$ 68,783</u>	<u>\$ 2,092</u>	<u>\$ 70,875</u>

B. During fiscal year 2022, the following changes occurred in the business-type activities long-term obligations.

	<u>Balance at 06/30/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 06/30/22</u>	<u>Due Within One Year</u>
ODE payable	\$ 347,026	\$ -	\$ (115,675)	\$ 231,351	\$ 115,675
Lease payable	<u>234,930</u>	<u>-</u>	<u>(76,372)</u>	<u>158,558</u>	<u>78,091</u>
Total long-term obligations	<u>\$ 581,956</u>	<u>\$ -</u>	<u>\$ (192,047)</u>	<u>\$ 389,909</u>	<u>\$ 193,766</u>

ODE Payable

Long-term obligations at June 30, 2022 consist of \$231,351 owed to the Ohio Department of Education as a result of the full-time equivalent (FTE) enrollment review for fiscal year 2016. This amount will be repaid over a five-year period by reducing the Academy's Foundation revenue monthly. The reductions began with the July 1, 2019 foundation payment.

The following is a schedule of future payments:

<u>Fiscal Year</u>	<u>ODE Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 115,675	\$ -	\$ 115,675
2024	<u>115,676</u>	<u>-</u>	<u>115,676</u>
Total	<u>\$ 231,351</u>	<u>\$ -</u>	<u>\$ 231,351</u>

Lease Payable

In a prior fiscal year, the Academy entered into a lease agreement for the right to use a building for space. In accordance with GASB Statement No. 87, the Academy has reported an intangible capital asset and corresponding liability for the future scheduled payments under the lease agreements.

The Academy entered into a lease agreement on April 7, 2021, with TLB Corporate Center, LLC to lease space for the Academy. The term of the lease commenced April 7, 2021 and continues through June 30, 2024. The Academy shall pay to Deborah Conners \$6,815 in month base rent on the first day of each month.

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Lease Payable		
	Principal	Interest	Total
2023	\$ 78,091	\$ 3,689	\$ 81,780
2024	80,467	1,313	81,780
Total	\$ 158,558	\$ 5,002	\$ 163,560

C. Legal Debt Margins

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District.

The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at June 30, 2022 are a voted debt margin of \$43,087,007 (including available funds of \$1,890,783), and an unvoted debt margin of \$954,569.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the District contracted with Liberty Mutual Insurance for property and general liability insurance.

Professional liability is provided by Liberty Mutual Insurance with a \$7,000,000 annual aggregate (includes \$4,000,000 umbrella coverage) / \$1,000,000 single occurrence limit and a \$5,000 deductible. Vehicles are covered by Liberty Mutual Insurance and carry a \$1,000 deductible for comprehensive and a \$1,000 deductible for collision. Automobile liability has a \$1,000,000 combined single limit liability.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in the amount of insurance coverage from last year.

B. Workers' Compensation

The District has participated in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan since 2006. The alternative rating program requires the District to pay only administrative charges to the Bureau, and in turn the District assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The District's stop-loss coverage through the plan is limited to \$175,000 per claim stop-loss coverage with an annual aggregate.

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Employee Health Insurance

The District’s health insurance is funded through a self-insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The District offered three comprehensive medical/surgical plans: Option B Plan, Option C (HSA) Plan and Bronze Plan (high deductible PPO). The District purchases stop-loss coverage of \$175,000 per employee. The District and employees pay into the self-insurance internal service fund. The monthly premium for the Option B Plan is \$2,310 for family coverage and \$931 for single coverage. The monthly premium of the Option C Plan (HSA) is \$1,767 for family coverage, and \$712 for single coverage, except for non-union employees, which is \$184. For the Bronze Plan the monthly premium is \$1,328 for family coverage and \$535 for single coverage. The annual high deductible for the HSA Plan for Union employees is \$2,000 individual/\$4,000 family deductible for in-network providers, with a \$2,500 individual/\$4,500 family out-of-pocket maximum; and, non-union employees are responsible for a \$2,200 individual/\$4,400 family deductible for in-network providers, with a \$2,200 individual/\$4,400 family out-of-pocket max. The premiums are paid by the fund that pays the salary for the employees and is based on historical cost information.

Dental and vision coverage is also provided on a self-insured basis through Employee Benefit Consultants (EBC). Premiums for its coverage are \$104 monthly for family coverage and \$42 for single coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims payable liability of \$1,138,210 reported in the Employee Benefits Self Insurance fund at June 30, 2022 is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, and as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability be reported for unpaid claims costs, including estimates of costs relating to incurred but not reported claims. The claims liability is based on an estimate supplied by the District’s third party administrator.

Changes in the claims payable liability for the current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2022	\$ 923,301	\$ 7,539,051	\$ (7,324,142)	\$ 1,138,210
2021	2,173,868	5,912,145	(7,162,712)	923,301

NOTE 12 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy – Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,359,209 for fiscal year 2022. Of this amount, \$46,218 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$4,542,227 for fiscal year 2022. Of this amount, \$785,280 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.26871250%	0.25570254%	
Proportion of the net pension liability current measurement date	<u>0.25314430%</u>	<u>0.24241387%</u>	
Change in proportionate share	<u>-0.01556820%</u>	<u>-0.01328867%</u>	
Proportionate share of the net pension liability	\$ 9,340,291	\$ 30,994,792	\$ 40,335,083
Pension expense	\$ (1,254,516)	\$ (711,035)	\$ (1,965,551)

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 901	\$ 957,588	\$ 958,489
Changes of assumptions	196,679	8,598,511	8,795,190
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	216,157	216,157
Contributions subsequent to the measurement date	<u>1,359,209</u>	<u>4,542,227</u>	<u>5,901,436</u>
Total deferred outflows of resources	<u>\$ 1,556,789</u>	<u>\$ 14,314,483</u>	<u>\$ 15,871,272</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 242,232	\$ 194,274	\$ 436,506
Net difference between projected and actual earnings on pension plan investments	4,810,525	26,711,576	31,522,101
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>824,345</u>	<u>3,143,069</u>	<u>3,967,414</u>
Total deferred inflows of resources	<u>\$ 5,877,102</u>	<u>\$ 30,048,919</u>	<u>\$ 35,926,021</u>

\$5,901,436 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	\$ (1,788,372)	\$ (5,042,414)	\$ (6,830,786)
2024	(1,270,841)	(4,567,086)	(5,837,927)
2025	(1,143,769)	(4,757,444)	(5,901,213)
2026	<u>(1,476,540)</u>	<u>(5,909,719)</u>	<u>(7,386,259)</u>
Total	<u>\$ (5,679,522)</u>	<u>\$ (20,276,663)</u>	<u>\$ (25,956,185)</u>

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. 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 earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 15,539,950	\$ 9,340,291	\$ 4,111,847

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 58,041,646	\$ 30,994,792	\$ 8,140,259

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$173,109.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$173,109 for fiscal year 2022. Of this amount, \$173,109 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.27868710%	0.25570254%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.26010050%</u>	<u>0.24241387%</u>	
Change in proportionate share	<u>-0.01858660%</u>	<u>-0.01328867%</u>	
Proportionate share of the net OPEB liability	\$ 4,922,615	\$ -	\$ 4,922,615
Proportionate share of the net OPEB asset	\$ -	\$ (5,111,098)	\$ (5,111,098)
OPEB expense	\$ (275,168)	\$ (309,181)	\$ (584,349)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 52,473	\$ 181,991	\$ 234,464
Changes of assumptions	772,241	326,473	1,098,714
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	33,693	144,653	178,346
Contributions subsequent to the measurement date	<u>173,109</u>	<u>-</u>	<u>173,109</u>
Total deferred outflows of resources	<u>\$ 1,031,516</u>	<u>\$ 653,117</u>	<u>\$ 1,684,633</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,451,683	\$ 936,448	\$ 3,388,131
Net difference between projected and actual earnings on OPEB plan investments	106,949	1,416,703	1,523,652
Changes of assumptions	674,112	3,049,152	3,723,264
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>1,092,422</u>	<u>19,434</u>	<u>1,111,856</u>
Total deferred inflows of resources	<u>\$ 4,325,166</u>	<u>\$ 5,421,737</u>	<u>\$ 9,746,903</u>

\$173,109 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (773,420)	\$ (1,348,238)	\$ (2,121,658)
2024	(774,167)	(1,312,788)	(2,086,955)
2025	(776,292)	(1,309,653)	(2,085,945)
2026	(649,268)	(598,491)	(1,247,759)
2027	(347,646)	(202,985)	(550,631)
Thereafter	(145,966)	3,535	(142,431)
Total	\$ (3,466,759)	\$ (4,768,620)	\$ (8,235,379)

Actuarial Assumptions - SERS

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

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

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

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 6,099,716	\$ 4,922,615	\$ 3,982,263

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,790,010	\$ 4,922,615	\$ 6,435,428

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

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

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

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

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 4,312,977	\$ 5,111,098	\$ 5,777,809
		Current Trend Rate	
	1% Decrease	1% Increase	
District's proportionate share of the net OPEB asset	\$ 5,750,794	\$ 5,111,098	\$ 4,320,055

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund are as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 239,208
Net adjustment for revenue accruals	(1,492,829)
Net adjustment for expenditure accruals	(690,326)
Net adjustment for other sources/uses	(500,000)
Funds budgeted elsewhere*	114,188
Adjustment for encumbrances	1,730,606
GAAP basis	\$ (599,153)

*Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, the uniform school supplies fund, the special services rotary fund, the public school support fund, the special enterprises fund and the internal services rotary fund.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not involved in pending litigation that would have a material effect on the financial condition of the District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2022 have been finalized and resulted in a receivable to the School District totaling \$286,091. This amount was not reported on the financial statements.

NOTE 16 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 17 - SET-ASIDES - (Continued)

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	955,049
Current year qualifying expenditures	(4,684,981)
Current year offsets	<u>(2,069,652)</u>
Total	<u>\$ (5,799,584)</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<u><u>\$ -</u></u>

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 1,657,236
Nonmajor governmental funds	<u>2,749,108</u>
Total	<u><u>\$ 4,406,344</u></u>

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Findlay entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Findlay has entered into such agreements. Under these agreements, the District's property taxes were reduced by \$1,424,122.

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REQUIRED SUPPLEMENTARY INFORMATION

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.253144300%	0.268712500%	0.285801900%	0.306973900%
District's proportionate share of the net pension liability	\$ 9,340,291	\$ 17,773,211	\$ 17,100,029	\$ 17,580,964
District's covered payroll	\$ 8,711,129	\$ 9,425,129	\$ 8,482,178	\$ 10,360,104
District's proportionate share of the net pension liability as a percentage of its covered payroll	107.22%	188.57%	201.60%	169.70%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.299984700%	0.296636300%	0.291758100%	0.283448000%	0.283448000%
\$ 17,923,423	\$ 21,711,040	\$ 16,648,000	\$ 14,345,142	\$ 16,855,743
\$ 10,258,343	\$ 9,906,671	\$ 8,783,445	\$ 8,236,450	\$ 7,787,168
174.72%	219.16%	189.54%	174.17%	216.46%
69.50%	62.98%	69.16%	71.70%	65.52%

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.242413870%	0.255702540%	0.258496200%	0.260969540%
District's proportionate share of the net pension liability	\$ 30,994,792	\$ 61,870,916	\$ 57,164,881	\$ 57,381,342
District's covered payroll	\$ 29,978,871	\$ 30,878,243	\$ 30,246,307	\$ 30,184,950
District's proportionate share of the net pension liability as a percentage of its covered payroll	103.39%	200.37%	189.00%	190.10%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.254958060%	0.252501130%	0.247427440%	0.246523380%	0.246523380%
\$ 60,565,834	\$ 84,519,739	\$ 68,381,707	\$ 59,963,018	\$ 71,427,554
\$ 28,109,257	\$ 27,235,021	\$ 25,814,907	\$ 25,187,877	\$ 24,787,677
215.47%	310.33%	264.89%	238.06%	288.16%
75.30%	66.80%	72.10%	74.70%	69.30%

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,359,209	\$ 1,219,558	\$ 1,319,518	\$ 1,145,094
Contributions in relation to the contractually required contribution	<u>(1,359,209)</u>	<u>(1,219,558)</u>	<u>(1,319,518)</u>	<u>(1,145,094)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,708,636	\$ 8,711,129	\$ 9,425,129	\$ 8,482,178
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,398,614	\$ 1,436,168	\$ 1,386,934	\$ 1,157,658	\$ 1,141,572	\$ 1,077,744
<u>(1,398,614)</u>	<u>(1,436,168)</u>	<u>(1,386,934)</u>	<u>(1,157,658)</u>	<u>(1,141,572)</u>	<u>(1,077,744)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,360,104	\$ 10,258,343	\$ 9,906,671	\$ 8,783,445	\$ 8,236,450	\$ 7,787,168
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 4,542,227	\$ 4,197,042	\$ 4,322,954	\$ 4,234,483
Contributions in relation to the contractually required contribution	<u>(4,542,227)</u>	<u>(4,197,042)</u>	<u>(4,322,954)</u>	<u>(4,234,483)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,444,479	\$ 29,978,871	\$ 30,878,243	\$ 30,246,307
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 4,225,893	\$ 3,935,296	\$ 3,812,903	\$ 3,614,087	\$ 3,274,424	\$ 3,222,398
<u>(4,225,893)</u>	<u>(3,935,296)</u>	<u>(3,812,903)</u>	<u>(3,614,087)</u>	<u>(3,274,424)</u>	<u>(3,222,398)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 30,184,950	\$ 28,109,257	\$ 27,235,021	\$ 25,814,907	\$ 25,187,877	\$ 24,787,677
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.260100500%	0.278687100%	0.291782300%	0.310202500%
District's proportionate share of the net OPEB liability	\$ 4,922,615	\$ 6,056,783	\$ 7,337,711	\$ 8,605,855
District's covered payroll	\$ 8,711,129	\$ 9,425,129	\$ 8,482,178	\$ 10,360,104
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.51%	64.26%	86.51%	83.07%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.303886600%	0.299662420%
\$ 8,155,518	\$ 8,541,488
\$ 10,258,343	\$ 9,906,671
79.50%	86.22%
12.46%	11.49%

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability/asset	0.242413870%	0.255702540%	0.258496200%	0.260969540%
District's proportionate share of the net OPEB liability/(asset)	\$ (5,111,098)	\$ (4,493,970)	\$ (4,281,317)	\$ (4,193,514)
District's covered payroll	\$ 29,978,871	\$ 30,878,243	\$ 30,246,307	\$ 30,184,950
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	17.05%	14.55%	14.15%	13.89%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.254958060%	0.252501130%
\$ 9,947,523	\$ 13,503,826
\$ 28,109,257	\$ 27,235,021
35.39%	49.58%
47.10%	37.30%

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 173,109	\$ 162,824	\$ 178,300	\$ 215,311
Contributions in relation to the contractually required contribution	<u>(173,109)</u>	<u>(162,824)</u>	<u>(178,300)</u>	<u>(215,311)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,708,636	\$ 8,711,129	\$ 9,425,129	\$ 8,482,178
Contributions as a percentage of covered payroll	1.78%	1.87%	1.89%	2.54%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 213,956	\$ 163,181	\$ 147,572	\$ 211,212	\$ 143,976	\$ 145,191
<u>(213,956)</u>	<u>(163,181)</u>	<u>(147,572)</u>	<u>(211,212)</u>	<u>(143,976)</u>	<u>(145,191)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,360,104	\$ 10,258,343	\$ 9,906,671	\$ 8,783,445	\$ 8,236,450	\$ 7,787,168
2.07%	1.59%	1.49%	2.40%	1.75%	1.86%

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,444,479	\$ 29,978,871	\$ 30,878,243	\$ 30,246,307
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 251,879	\$ 247,877
-	-	-	-	(251,879)	(247,877)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 30,184,950	\$ 28,109,257	\$ 27,235,021	\$ 25,814,907	\$ 25,187,877	\$ 24,787,677
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION (CONTINUED)

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program Cash Assistance	10.553	2022	238,453
National School Lunch Program COVID-19 Cash Assistance	10.555	2022	126,144
Non-Cash Assistance (Commodities) Cash Assistance	10.555	2022	96,961
Total National School Lunch Program			1,246,961
Total Child Nutrition Cluster			1,470,066
			1,708,519
Total U.S. Department of Agriculture			1,708,519
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund - Broadband Ohio Connectivity Grant	21.019	2021	20,000
COVID-19 Coronavirus Relief Fund - Urban School Districts	21.019	2021	269,603
Total Coronavirus Relief Fund			289,603
Total U.S. Department of Treasury			289,603
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	2021	148,874
Title I Grants to Local Educational Agencies	84.010A	2022	816,976
Title I Grants to Local Educational Agencies - School Quality Improvement	84.010A	2022	51,012
Title I Grants to Local Education Agencies - Expanding Opportunities for Each Child Competitive Grant	84.010A	2021	57,762
Title I Grants to Local Education Agencies - Expanding Opportunities for Each Child Competitive Grant	84.010A	2022	10,724
Title I Grants to Local Education Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	2021	7,500
Title I Grants to Local Education Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	2022	13,935
Total Title I Grants to Local Education Agencies			1,106,783
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	2021	73,215
Special Education Grants to States	84.027A	2022	1,807,162
ARP Special Education Grants to States	84.027X	2022	208,588
Total Special Education Grants to States			2,088,965
Special Education Preschool Grants	84.173A	2021	6,280
Special Education Preschool Grants	84.173A	2022	37,648
ARP Special Education Preschool Grants	84.173X	2022	21,143
Total Special Education Preschool Grants			65,071
Total Special Education Cluster			2,154,036
Career and Technical Education - Basic Grants to States	84.048A	2021	19,727
Career and Technical Education - Basic Grants to States	84.048A	2022	223,982
Total Career and Technical Education - Basic Grants to States			243,709
English Language Acquisition State Grants	84.365A	2022	26,405
Improving Teacher Quality State Grants	84.367A	2021	19,717
Improving Teacher Quality State Grants	84.367A	2022	16,461
Total Improving Teacher Quality State Grants			36,178
Student Support and Academic Enrichment Program	84.424A	2021	7,148
Student Support and Academic Enrichment Program	84.424A	2022	1,806
Total Student Support and Academic Enrichment Program			8,954
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	2021	14,160
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	2022	2,727,859
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	2022	2,031,181
COVID-19 Education Stabilization Fund RemoteEDx OCER Match Grant	84.425D	2021	25,440
Total COVID-19 Education Stabilization Fund			4,798,640
Total U.S. Department of Education			8,374,705
Total Expenditures of Federal Awards			\$10,372,827

The accompanying notes are an integral part of this schedule.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Findlay City School District, Hancock County, Ohio (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2022 to 2023 programs:

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	\$ 433,173
Special Education - Grants to States	84.027	\$ 117,821
Special Education - Preschool Grants	84.173	\$ 22,260
English Language Acquisition State Grants	84.365	\$ 7,698
Supporting Effective Instruction State Grants	84.367	\$ 143,484
Student Support and Academic Enrichment Program	84.424	\$ 63,496
Education Stabilization Fund	84.425	\$ 7,217,304

OHIO AUDITOR OF STATE KEITH FABER



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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

Findlay City School District
Hancock County
1100 Broad Avenue
Findlay, Ohio 45840

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Findlay City School District, Hancock County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 23, 2023 wherein we noted the District reported the Findlay Digital Academy as a blended component unit in accordance with Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units*, rather than a discretely presented component unit as previously reported. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 23, 2023

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Findlay City School District
Hancock County
1100 Broad Avenue
Findlay, Ohio 45840

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Findlay City School District, Hancock County, Ohio's (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Findlay City School District's major federal programs for the year ended June 30, 2022. Findlay City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Findlay City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The District's basic financial statements include the operations of Findlay Digital Academy, which expended \$326,842 in federal awards which is not included in the District's Schedule of Expenditures of Federal Awards during the fiscal year ended June 30, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of Findlay Digital Academy because the Findlay Digital Academy is legally separate from the primary government which this report addresses, and because it expended less than \$750,000 of Federal awards for the fiscal year ended June 30, 2022, it was not subject to Uniform Guidance.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 23, 2023

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**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Career and Technical Education – AL# 84.048 Special Education Cluster Education Stabilization Fund – AL# 84.425
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2022-001

Significant Deficiency

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

In 2022, the District incorrectly reported all activity of their component unit, Findlay Digital Academy, as a discretely presented component unit when it should have been reported as a blended component unit in the business-type activities following the requirements of Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units*.

This error was the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Board making misinformed decisions. The accompanying financial statements have been adjusted to correct this error.

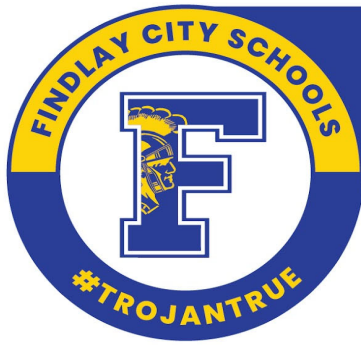
To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Treasurer and Board to identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None



FINDLAY CITY SCHOOLS

Excellence • Opportunity • Belonging

Administrative Offices
1100 Broad Avenue
Findlay, OH 45840

Phone: 419.425.8364
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www.fcs.org

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	We will assess Findlay Digital Academy as a component unit each year and ensure is properly presented on the financial statements.
Anticipated Completion Date:	03/23/2023
Responsible Contact Person:	Pam Harrington, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



FINDLAY CITY SCHOOL DISTRICT

HANCOCK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/30/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov