



**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY
JUNE 30, 2023**

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HANCOCK COUNTY
JUNE 30, 2023**

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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 (District), as of and for the year ended June 30, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund and 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.

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 sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 25, 2024, 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 25, 2024

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. 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 2023 are as follows:

- In total, net position of governmental activities increased \$6,954,453 from the 2022 net position. Net position of business-type activities increased \$239,837 from the 2022's net position.
- General revenues accounted for \$65,657,284 in revenue or 75.08% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$21,790,142 or 24.92% of total revenues of \$87,447,426.
- The District had \$80,492,973 in expenses related to governmental activities; \$21,790,142 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 \$65,657,284 were adequate to provide for these programs.
- The District had \$1,426,898 in expenses related to business-type activities; a total of \$1,145,987 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 \$239,837 from a balance of \$1,298,125 to a balance of \$1,537,962.
- The District's major governmental fund is the general fund. The general fund had \$66,651,699 in revenues and other financing sources and \$62,039,926 in expenditures. During fiscal year 2023, the general fund's fund balance increased \$4,611,773 from a balance of \$8,552,831 to a balance of \$13,164,604.

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 2023?" 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, 2023

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, 2023**

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, 2023 and June 30, 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Assets</u>						
Current and other assets	\$ 71,143,324	\$ 66,708,326	\$ 1,668,811	\$ 1,536,894	\$ 72,812,135	\$ 68,245,220
Capital assets, net	88,659,145	88,528,257	82,616	165,324	88,741,761	88,693,581
Total assets	<u>159,802,469</u>	<u>155,236,583</u>	<u>1,751,427</u>	<u>1,702,218</u>	<u>161,553,896</u>	<u>156,938,801</u>
<u>Deferred outflows</u>						
Pension	16,646,710	15,871,272	-	-	16,646,710	15,871,272
OPEB	1,507,144	1,684,633	-	-	1,507,144	1,684,633
Total deferred outflows of resources	<u>18,153,854</u>	<u>17,555,905</u>	<u>-</u>	<u>-</u>	<u>18,153,854</u>	<u>17,555,905</u>
<u>Liabilities</u>						
Current liabilities	8,763,495	9,025,566	17,322	14,184	8,780,817	9,039,750
Long-term liabilities:						
Due within one year	3,331,597	3,093,913	196,143	193,766	3,527,740	3,287,679
Due in more than one year:						
Net pension liability	68,833,198	40,335,083	-	-	68,833,198	40,335,083
Net OPEB liability	3,732,459	4,922,615	-	-	3,732,459	4,922,615
Other amounts	45,936,363	46,383,229	-	196,143	45,936,363	46,579,372
Total liabilities	<u>130,597,112</u>	<u>103,760,406</u>	<u>213,465</u>	<u>404,093</u>	<u>130,810,577</u>	<u>104,164,499</u>
<u>Deferred inflows</u>						
Property taxes and PILOT levied for next year	29,754,171	31,149,580	-	-	29,754,171	31,149,580
Leases		32,378	-	-	-	32,378
Pension	8,204,137	35,926,021	-	-	8,204,137	35,926,021
OPEB	10,269,250	9,746,903	-	-	10,269,250	9,746,903
Total deferred inflows of resources	<u>48,227,558</u>	<u>76,854,882</u>	<u>-</u>	<u>-</u>	<u>48,227,558</u>	<u>76,854,882</u>
<u>Net Position</u>						
Net investment in capital assets	44,054,799	43,315,657	2,149	6,766	44,056,948	43,322,423
Restricted	10,372,354	9,378,550	61,774	66,080	10,434,128	9,444,630
Unrestricted (deficit)	<u>(55,295,500)</u>	<u>(60,517,007)</u>	<u>1,474,039</u>	<u>1,225,279</u>	<u>(53,821,461)</u>	<u>(59,291,728)</u>
Total net position (deficit)	<u>\$ (868,347)</u>	<u>\$ (7,822,800)</u>	<u>\$ 1,537,962</u>	<u>\$ 1,298,125</u>	<u>\$ 669,615</u>	<u>\$ (6,524,675)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2023 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, 2023**

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. The net pension liability increased and deferred inflows of resources related to pension decreased. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

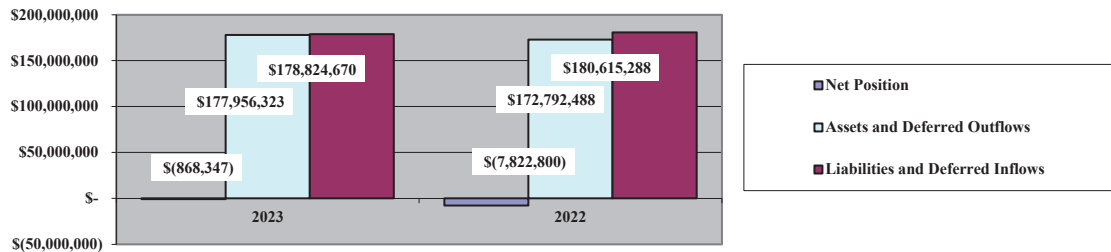
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's governmental liabilities and deferred inflows exceeded assets and deferred outflows by \$868,347. Business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$1,537,962.

At year-end, capital assets represented 54.93% 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, 2023, was \$44,056,948. 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.

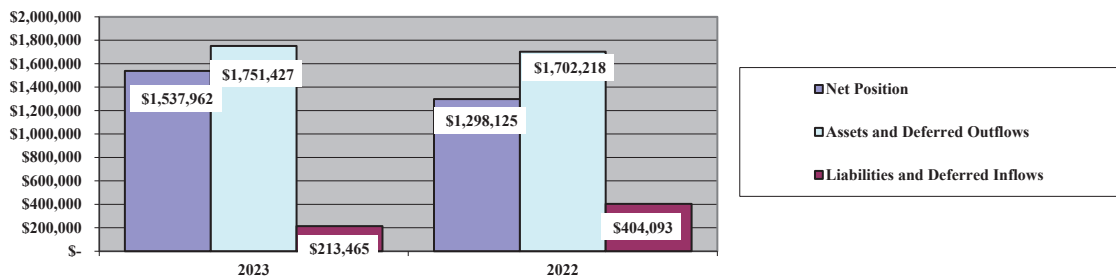
A portion of the District's net position, \$10,372,354, represents resources that are subject to external restriction on how they may be used.

The graphs below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023 and June 30, 2022.

Governmental Activities



Business-Type Activities



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The table below shows the change in net position for fiscal years 2023 and 2022.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 4,352,827	\$ 3,267,800	\$ -	\$ -	\$ 4,352,827	\$ 3,267,800
Operating grants and contributions	15,604,426	16,053,094	1,145,987	1,083,852	16,750,413	17,136,946
Capital grants and contributions	1,832,889	2,266	-	-	1,832,889	2,266
General revenues:						
Property taxes	38,340,954	33,768,643	-	-	38,340,954	33,768,643
Payment in lieu of taxes	345,717	530,508	-	-	345,717	530,508
Grants and entitlements	24,708,220	25,638,644	476,926	381,789	25,185,146	26,020,433
Investment earnings	624,345	192,441	43,822	3,607	668,167	196,048
Change in fair value of investments	699,146	(1,486,866)	-	-	699,146	(1,486,866)
Miscellaneous	938,902	1,194,554	-	-	938,902	1,194,554
Total revenues	<u>87,447,426</u>	<u>79,161,084</u>	<u>1,666,735</u>	<u>1,469,248</u>	<u>89,114,161</u>	<u>80,630,332</u>
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	32,112,858	28,251,117	-	-	32,112,858	28,251,117
Special	12,892,914	11,084,765	-	-	12,892,914	11,084,765
Vocational	3,678,696	3,104,402	-	-	3,678,696	3,104,402
Adult/continuing	86	109	-	-	86	109
Other	1,171,218	1,476,658	-	-	1,171,218	1,476,658
Support services:						
Pupil	2,930,989	3,167,153	-	-	2,930,989	3,167,153
Instructional staff	3,927,933	3,088,463	-	-	3,927,933	3,088,463
Board of education	405,964	343,601	-	-	405,964	343,601
Administration	4,227,256	3,638,033	-	-	4,227,256	3,638,033
Fiscal	1,670,993	1,424,321	-	-	1,670,993	1,424,321
Business	137,835	427,347	-	-	137,835	427,347
Operations and maintenance	7,168,464	7,525,944	-	-	7,168,464	7,525,944
Pupil transportation	3,217,637	2,634,124	-	-	3,217,637	2,634,124
Central	155,411	203,228	-	-	155,411	203,228
Operation of non-instructional services						
Other non-instructional services	386,413	417,930	-	-	386,413	417,930
Food service operations	1,719,429	1,631,347	-	-	1,719,429	1,631,347
Extracurricular activities	2,177,231	1,775,395	-	-	2,177,231	1,775,395
Interest and fiscal charges	2,511,646	2,474,514	-	-	2,511,646	2,474,514
Findlay Digital Academy	-	-	1,426,898	1,319,410	1,426,898	1,319,410
Total expenses	<u>80,492,973</u>	<u>72,668,451</u>	<u>1,426,898</u>	<u>1,319,410</u>	<u>81,919,871</u>	<u>73,987,861</u>
Changes in net position	<u>6,954,453</u>	<u>6,492,633</u>	<u>239,837</u>	<u>149,838</u>	<u>7,194,290</u>	<u>6,642,471</u>
Net position (deficit) at beginning 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>
Net position (deficit) at end of year	<u>\$ (868,347)</u>	<u>\$ (7,822,800)</u>	<u>\$ 1,537,962</u>	<u>\$ 1,298,125</u>	<u>\$ 669,615</u>	<u>\$ (6,524,675)</u>

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

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Governmental Activities

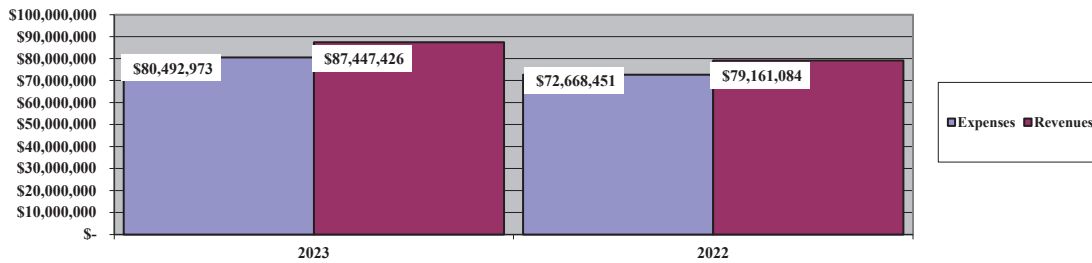
Net position of the District’s governmental activities increased \$6,954,453. Total governmental expenses of \$80,492,973 were offset by program revenues of \$21,790,142 and general revenues of \$65,657,284. Program revenues supported 27.07% of the total governmental expenses.

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 72.10% of total governmental revenue. The most significant increase was in the area of property tax revenues. Property tax revenue increased due to an increase in property taxes available at fiscal year end.

Overall, expenses of the governmental activities increased \$7,824,522 or 10.77%. This increase is primarily the result of an increase in pension expense. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease 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 2023 and 2022.

Governmental Activities - Revenues and Expenses



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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.

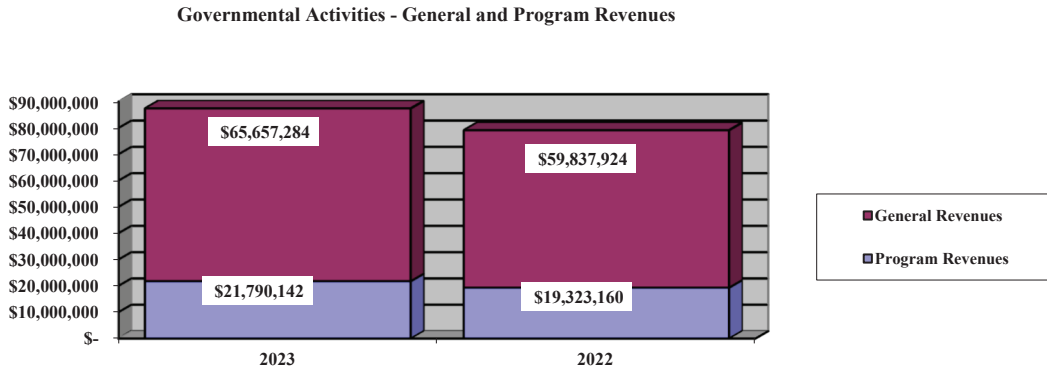
	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>
Governmental Activities				
Program expenses				
Instruction:				
Regular	\$ 32,112,858	\$ 25,374,512	\$ 28,251,117	\$ 22,483,622
Special	12,892,914	5,761,643	11,084,765	5,046,503
Vocational	3,678,696	2,915,011	3,104,402	2,343,220
Adult/continuing	86	86	109	(5)
Other	1,171,218	1,149,930	1,476,658	1,400,197
Support services:				
Pupil	2,930,989	2,089,169	3,167,153	2,223,639
Instructional staff	3,927,933	2,419,853	3,088,463	1,925,797
Board of education	405,964	405,964	343,601	343,601
Administration	4,227,256	4,211,157	3,638,033	3,623,569
Fiscal	1,670,993	1,664,448	1,424,321	1,424,248
Business	137,835	111,890	427,347	426,693
Operations and maintenance	7,168,464	6,153,645	7,525,944	6,754,340
Pupil transportation	3,217,637	2,830,647	2,634,124	2,468,430
Central	155,411	128,421	203,228	174,504
Operation of non-instructional services:				
Other non-instructional services	386,413	98,346	417,930	226,672
Food service operations	1,719,429	(138,795)	1,631,347	(1,015,467)
Extracurricular activities	2,177,231	1,015,258	1,775,395	1,021,214
Interest and fiscal charges	2,511,646	2,511,646	2,474,514	2,474,514
Total expenses	<u>\$ 80,492,973</u>	<u>\$ 58,702,831</u>	<u>\$ 72,668,451</u>	<u>\$ 53,345,291</u>

The dependence upon tax and other general revenues for governmental activities is apparent; as 70.61% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 72.93%. 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, 2023**

The graph below presents the District’s governmental activities revenue for fiscal years 2023 and 2022.



Business-Type Activities

Business-type activities include the Findlay Digital Academy. This program had revenues of \$1,666,735 and expenses of \$1,426,898 for fiscal year 2023. This resulted in an increase to net position for the fiscal year of \$239,837. This fund is intended to be self-supporting through user fees and charges. Management assesses its performance to ensure that it is run efficiently.

The District’s Funds

The District’s governmental funds reported a combined fund balance of \$22,355,232, which is more than last year’s total of \$18,039,486. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance <u>June 30, 2023</u>	Fund Balance <u>June 30, 2022</u>	Increase <u>(Decrease)</u>
General	\$ 13,164,604	\$ 8,552,831	\$ 4,611,773
Other Governmental	<u>9,190,628</u>	<u>9,486,655</u>	<u>(296,027)</u>
Total	<u>\$ 22,355,232</u>	<u>\$ 18,039,486</u>	<u>\$ 4,315,746</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

General Fund

The District's general fund balance increased \$4,611,773.

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

	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes and payments in lieu of taxes	\$ 32,345,036	\$ 28,917,334	11.85 %
Tuition	2,494,893	1,896,606	31.55 %
Earnings on investments	610,547	190,027	221.29 %
Intergovernmental	28,637,840	28,431,446	0.73 %
Other revenues	<u>1,967,799</u>	<u>(31,962)</u>	(6,256.68) %
Total	<u>\$ 66,056,115</u>	<u>\$ 59,403,451</u>	11.20 %
<u>Expenditures</u>			
Instruction	\$ 39,876,174	\$ 39,549,769	0.83 %
Support services	19,894,096	19,040,725	4.48 %
Operation of non-instructional services	184,544	152,221	21.23 %
Extracurricular activities	1,290,110	1,203,352	7.21 %
Capital outlay	519,438	-	100.00 %
Debt service	<u>275,564</u>	<u>69,592</u>	295.97 %
Total	<u>\$ 62,039,926</u>	<u>\$ 60,015,659</u>	3.37 %

Tax revenues increased from fiscal year 2022 to fiscal year 2023 due to an increase in the amount of tax revenue collected and the amount available for advance. Tuition revenue increased due to changes in the state foundation model. Earnings on investments increased from fiscal year 2022 to fiscal year 2023 due to the increase in the amount invested by the District and the amount earned on those investments. The increase in other revenue was a result in the fair value adjustment on the District's investments. Expenditures related to instruction and support services increased due to fluctuations in personal costs. Capital outlay and debt service expenditures increased due to the note payable that was signed and paid on during the current fiscal year. All other revenues and expenditures remained consistent with the prior year.

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 2023, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$62,394,311, which were more than the original budget estimate of \$61,791,652. This increase is due to increased estimates in property tax revenues. Actual revenues and other financing sources for fiscal year 2023 were \$61,853,202. This represents a \$541,109 decrease from final budgeted revenues. The decrease was primarily due to property tax and intergovernmental revenues being less than estimated amounts.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 2023 totaled \$61,466,808, which was \$3,160,192 less than the final budget appropriations. The decrease was primarily a result of a decrease in instruction expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the District had \$88,741,761 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/amortization. Of this total, \$88,659,145 was reported in governmental activities and \$82,616 was reported in business-type activities. The following table shows fiscal year 2023 balances compared to 2022:

	Capital Assets at June 30 (Net of Depreciation)					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,722,570	\$ 1,722,570	\$ -	\$ -	\$ 1,722,570	\$ 1,722,570
Construction in progress	1,780,350	4,288,934	-	-	1,780,350	4,288,934
Land improvements	2,012,844	2,217,338	-	-	2,012,844	2,217,338
Buildings and improvements	77,036,291	73,822,574	-	-	77,036,291	73,822,574
Equipment and furniture	3,096,027	3,575,052	4,306	8,704	3,100,333	3,583,756
Vehicles	1,838,432	1,622,804	-	-	1,838,432	1,622,804
Infrastructure	1,162,655	1,210,843	-	-	1,162,655	1,210,843
Intangible right to use	9,976	68,142	78,310	156,620	88,286	224,762
Totals	<u>\$ 88,659,145</u>	<u>\$ 88,528,257</u>	<u>\$ 82,616</u>	<u>\$ 165,324</u>	<u>\$ 88,741,761</u>	<u>\$ 88,693,581</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, 2023 and 2022:

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 37,470,000	\$ 39,305,000
Tax anticipation notes	6,900,000	5,410,000
Note payable	259,510	-
Lease payable	<u>68,783</u>	<u>68,783</u>
Total long-term obligations	<u>\$ 44,698,293</u>	<u>\$ 44,783,783</u>
	<u>Business-type Activities</u>	
	<u>2023</u>	<u>2022</u>
ODE payable	\$ 115,676	\$ 231,351
Lease payable	<u>80,467</u>	<u>158,558</u>
Total long-term obligations	<u>\$ 196,143</u>	<u>\$ 389,909</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Current Financial Related Activities

Fiscal year 2023 was an unusual year for the District. The traditional educational delivery model was significantly impacted by the pandemic during fiscal year 2021 through 2023. 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 revenues in excess of expenditures by \$1,663,892. The fiscal year 2023 beginning balance of the General Fund was \$12,549,546 and the ending balance was \$14,213,438. 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 Formula Driven 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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments	\$ 26,412,361	\$ 1,270,089	\$ 27,682,450
Cash in segregated accounts	154,000	-	154,000
Receivables:			
Property taxes	36,504,650	-	36,504,650
Payment in lieu of taxes	133,224	-	133,224
Accounts	21,168	-	21,168
Accrued interest	64,689	-	64,689
Intergovernmental	1,363,427	398,722	1,762,149
Prepayments	61,890	-	61,890
Materials and supplies inventory	13,103	-	13,103
Inventory held for resale	20,784	-	20,784
Net OPEB asset	6,379,028	-	6,379,028
Security deposit	15,000	-	15,000
Capital assets:			
Not depreciated/amortized capital assets	3,502,920	-	3,502,920
Depreciated/amortized capital assets, net	85,156,225	82,616	85,238,841
Capital assets, net	<u>88,659,145</u>	<u>82,616</u>	<u>88,741,761</u>
Total assets	<u>159,802,469</u>	<u>1,751,427</u>	<u>161,553,896</u>
Deferred outflows of resources:			
Pension	16,646,710	-	16,646,710
OPEB	1,507,144	-	1,507,144
Total deferred outflows of resources	<u>18,153,854</u>	<u>-</u>	<u>18,153,854</u>
Liabilities:			
Accounts payable	18,484	-	18,484
Contracts payable	9,500	-	9,500
Retainage payable	161,850	-	161,850
Accrued wages and benefits payable	5,868,012	-	5,868,012
Intergovernmental payable	143,995	17,127	161,122
Pension and postemployment benefits payable	1,043,541	-	1,043,541
Accrued interest payable	211,900	195	212,095
Claims payable	1,306,213	-	1,306,213
Long-term liabilities:			
Due within one year	3,331,597	196,143	3,527,740
Due in more than one year:			
Net pension liability	68,833,198	-	68,833,198
Net OPEB liability	3,732,459	-	3,732,459
Other amounts due in more than one year	45,936,363	-	45,936,363
Total liabilities	<u>130,597,112</u>	<u>213,465</u>	<u>130,810,577</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	29,698,885	-	29,698,885
Payment in lieu of taxes levied for the next fiscal year	55,286	-	55,286
Pension	8,204,137	-	8,204,137
OPEB	10,269,250	-	10,269,250
Total deferred inflows of resources	<u>48,227,558</u>	<u>-</u>	<u>48,227,558</u>
Net position:			
Net investment in capital assets	44,054,799	2,149	44,056,948
Restricted for:			
Capital projects	2,169,044	-	2,169,044
OPEB	1,444,696	-	1,444,696
Permanent fund - nonexpendable	605,209	-	605,209
Classroom facilities maintenance	577,942	-	577,942
Debt service	2,187,355	-	2,187,355
Locally funded programs	-	924	924
State funded programs	125,777	60,850	186,627
Federally funded programs	90,225	-	90,225
Food service operations	972,474	-	972,474
Student activities	603,414	-	603,414
Other purposes	1,596,218	-	1,596,218
Unrestricted (deficit)	(55,295,500)	1,474,039	(53,821,461)
Total net position (deficit)	<u>\$ (868,347)</u>	<u>\$ 1,537,962</u>	<u>\$ 669,615</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, 2023

	<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	\$ 32,112,858	\$ 923,155	\$ 4,393,358	\$ 1,421,833
Special	12,892,914	985,008	6,144,141	2,122
Vocational	3,678,696	129,518	634,167	-
Adult/continuing	86	-	-	-
Other	1,171,218	-	21,288	-
Support services:				
Pupil	2,930,989	68,899	772,921	-
Instructional staff	3,927,933	535,690	972,390	-
Board of education	405,964	-	-	-
Administration	4,227,256	16,099	-	-
Fiscal	1,670,993	-	-	6,545
Business	137,835	-	-	25,945
Operations and maintenance	7,168,464	290,850	696,278	27,691
Pupil transportation	3,217,637	5,470	334,516	47,004
Central	155,411	3,304	23,686	-
Operation of non-instructional services:				
Food service operations	1,719,429	519,225	1,338,999	-
Other non-instructional services	386,413	184,009	104,058	-
Extracurricular activities	2,177,231	691,600	168,624	301,749
Interest and fiscal charges	2,511,646	-	-	-
Total governmental activities	<u>80,492,973</u>	<u>4,352,827</u>	<u>15,604,426</u>	<u>1,832,889</u>
Business-type activities:				
Findlay Digital Academy	<u>1,426,898</u>	<u>-</u>	<u>1,145,987</u>	<u>-</u>
Total business-type activities	<u>1,426,898</u>	<u>-</u>	<u>1,145,987</u>	<u>-</u>
Totals	<u>\$ 81,919,871</u>	<u>\$ 4,352,827</u>	<u>\$ 16,750,413</u>	<u>\$ 1,832,889</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
Increase in fair value of investments
Miscellaneous
Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (25,374,512)	\$ -	\$ (25,374,512)
(5,761,643)	-	(5,761,643)
(2,915,011)	-	(2,915,011)
(86)	-	(86)
(1,149,930)	-	(1,149,930)
(2,089,169)	-	(2,089,169)
(2,419,853)	-	(2,419,853)
(405,964)	-	(405,964)
(4,211,157)	-	(4,211,157)
(1,664,448)	-	(1,664,448)
(111,890)	-	(111,890)
(6,153,645)	-	(6,153,645)
(2,830,647)	-	(2,830,647)
(128,421)	-	(128,421)
138,795	-	138,795
(98,346)	-	(98,346)
(1,015,258)	-	(1,015,258)
(2,511,646)	-	(2,511,646)
<u>(58,702,831)</u>	<u>-</u>	<u>(58,702,831)</u>
<u>-</u>	<u>(280,911)</u>	<u>(280,911)</u>
<u>-</u>	<u>(280,911)</u>	<u>(280,911)</u>
<u>(58,702,831)</u>	<u>(280,911)</u>	<u>(58,983,742)</u>
32,172,846	-	32,172,846
4,124,017	-	4,124,017
2,044,091	-	2,044,091
345,717	-	345,717
24,708,220	476,926	25,185,146
624,345	43,822	668,167
699,146	-	699,146
938,902	-	938,902
<u>65,657,284</u>	<u>520,748</u>	<u>66,178,032</u>
6,954,453	239,837	7,194,290
<u>(7,822,800)</u>	<u>1,298,125</u>	<u>(6,524,675)</u>
<u>\$ (868,347)</u>	<u>\$ 1,537,962</u>	<u>\$ 669,615</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 14,111,939	\$ 8,535,149	\$ 22,647,088
Receivables:			
Property taxes	30,618,705	5,885,945	36,504,650
Payment in lieu of taxes	116,518	16,706	133,224
Accounts	21,168	-	21,168
Accrued interest	64,018	671	64,689
Intergovernmental	67,290	1,296,137	1,363,427
Prepayments	61,890	-	61,890
Materials and supplies inventory	-	13,103	13,103
Inventory held for resale	-	20,784	20,784
Due from other funds	519,664	-	519,664
Security deposit	15,000	-	15,000
Total assets	<u>\$ 45,596,192</u>	<u>\$ 15,768,495</u>	<u>\$ 61,364,687</u>
Liabilities:			
Accounts payable	\$ 15,695	\$ 2,789	\$ 18,484
Contracts payable	-	9,500	9,500
Retainage payable	-	161,850	161,850
Accrued wages and benefits payable	5,292,386	575,626	5,868,012
Compensated absences payable	225,953	-	225,953
Intergovernmental payable	139,386	4,609	143,995
Pension and postemployment benefits payable	814,930	228,611	1,043,541
Due to other funds	-	519,664	519,664
Total liabilities	<u>6,488,350</u>	<u>1,502,649</u>	<u>7,990,999</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	24,925,830	4,773,055	29,698,885
Payment in lieu of taxes levied for the next fiscal year	48,353	6,933	55,286
Delinquent property tax revenue not available	897,377	175,427	1,072,804
Intergovernmental revenue not available	45,590	119,803	165,393
Accrued interest not available	11,361	-	11,361
Miscellaneous revenue not available	14,727	-	14,727
Total deferred inflows of resources	<u>25,943,238</u>	<u>5,075,218</u>	<u>31,018,456</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	13,103	13,103
Prepays	61,890	-	61,890
Permanent fund	-	605,209	605,209
Restricted:			
Debt service	-	2,249,181	2,249,181
Capital improvements	-	2,413,341	2,413,341
Classroom facilities maintenance	-	577,942	577,942
Food service operations	-	1,036,021	1,036,021
Non-public schools	-	35,478	35,478
State funded programs	-	90,299	90,299
Federally funded programs	-	90,225	90,225
Extracurricular	-	620,435	620,435
Other purposes	-	1,579,197	1,579,197
Assigned:			
Student instruction	637,258	-	637,258
Student and staff support	596,646	-	596,646
Extracurricular activities	32,436	-	32,436
Public school support	168,065	-	168,065
Future claims	183,814	-	183,814
School supplies	249,399	-	249,399
Other purposes	631,078	-	631,078
Unassigned (deficit)	<u>10,604,018</u>	<u>(119,803)</u>	<u>10,484,215</u>
Total fund balances	<u>13,164,604</u>	<u>9,190,628</u>	<u>22,355,232</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 45,596,192</u>	<u>\$ 15,768,495</u>	<u>\$ 61,364,687</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, 2023

Total governmental fund balances		\$	22,355,232
<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.			88,659,145
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,072,804	
Accounts receivable		14,727	
Accrued interest receivable		11,361	
Intergovernmental receivable		165,393	
Total		1,264,285	1,264,285
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.			2,613,060
Unamortized premiums on bonds issued are not recognized in the funds.			(263,863)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(211,900)
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		16,646,710	
Deferred inflows - pension		(8,204,137)	
Net pension liability		(68,833,198)	
Deferred outflows - OPEB		1,507,144	
Deferred inflows - OPEB		(10,269,250)	
Net OPEB asset		6,379,028	
Net OPEB liability		(3,732,459)	
Total		(66,506,162)	(66,506,162)
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		(37,470,000)	
Tax anticipation notes		(6,900,000)	
Lease liability		(68,783)	
Notes payable		(259,510)	
Compensated absences		(4,079,851)	
Total		(48,778,144)	(48,778,144)
Net position of governmental activities		\$	(868,347)

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, 2023

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 32,034,574	\$ 6,139,437	\$ 38,174,011
Intergovernmental	28,637,840	12,802,834	41,440,674
Investment earnings	610,547	9,338	619,885
Tuition and fees	2,494,893	675	2,495,568
Extracurricular	17,191	691,747	708,938
Rental income	-	290,850	290,850
Charges for services	104,894	519,225	624,119
Contributions and donations	350	790,746	791,096
Payment in lieu of taxes	310,462	35,255	345,717
Miscellaneous	1,142,714	348,230	1,490,944
Change in fair value of investments	702,650	(3,504)	699,146
Total revenues	<u>66,056,115</u>	<u>21,624,833</u>	<u>87,680,948</u>
Expenditures:			
Current:			
Instruction:			
Regular	25,487,975	6,187,433	31,675,408
Special	9,998,647	3,270,186	13,268,833
Vocational	3,231,355	154,424	3,385,779
Adult/continuing	86	-	86
Other	1,158,111	13,606	1,171,717
Support services:			
Pupil	2,831,929	46,977	2,878,906
Instructional staff	3,068,596	981,861	4,050,457
Board of education	405,964	-	405,964
Administration	4,280,508	-	4,280,508
Fiscal	1,466,935	104,658	1,571,593
Business	-	137,401	137,401
Operations and maintenance	5,080,013	1,130,943	6,210,956
Pupil transportation	2,636,408	430,852	3,067,260
Central	123,743	26,310	150,053
Operation of non-instructional services:			
Food service operations	-	1,754,719	1,754,719
Other non-instructional services	184,544	59,270	243,814
Extracurricular activities	1,290,110	2,589,908	3,880,018
Facilities acquisition and construction	-	1,299,486	1,299,486
Capital outlay	519,438	887,050	1,406,488
Debt service:			
Principal retirement	259,928	2,395,000	2,654,928
Interest and fiscal charges	15,636	2,471,183	2,486,819
Note issuance costs	-	25,000	25,000
Total expenditures	<u>62,039,926</u>	<u>23,966,267</u>	<u>86,006,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,016,189</u>	<u>(2,341,434)</u>	<u>1,674,755</u>
Other financing sources (uses):			
Sale/loss of assets	76,146	-	76,146
Issuance of notes	519,438	2,050,000	2,569,438
Transfers in	-	46,896	46,896
Transfers (out)	-	(46,896)	(46,896)
Total other financing sources (uses)	<u>595,584</u>	<u>2,050,000</u>	<u>2,645,584</u>
Net change in fund balances	4,611,773	(291,434)	4,320,339
Fund balances at beginning of year	8,552,831	9,486,655	18,039,486
Change in reserve for inventory	-	(4,593)	(4,593)
Fund balances at end of year	<u>\$ 13,164,604</u>	<u>\$ 9,190,628</u>	<u>\$ 22,355,232</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, 2023

Net change in fund balances - total governmental funds	\$	4,320,339
<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/amortization expense.		
Capital asset additions	\$ 3,606,477	
Current year depreciation /amortization	<u>(3,475,328)</u>	
Total		131,149
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(261)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(4,593)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	166,943	
Tuition	14,727	
Earnings on investments	4,524	
Intergovernmental	<u>(433,306)</u>	
Total		(247,112)
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.		
		2,654,928
Issuances of notes are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(2,569,438)
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 less interest being reported in the statement of activities:		
(Increase) in accrued interest payable	(18,130)	
Amortization of bond premiums	<u>18,303</u>	
Total		173
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	6,096,179	
OPEB	<u>189,671</u>	
Total		6,285,850
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	(6,096,972)	
OPEB	<u>1,568,579</u>	
Total		(4,528,393)
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.		
		192,955
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>718,856</u>
Change in net position of governmental activities	\$	<u>6,954,453</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 29,708,996	\$ 30,001,251	\$ 29,666,542	\$ (334,709)
Intergovernmental	29,079,857	29,365,921	28,784,132	(581,789)
Investment earnings	175,399	177,124	575,643	398,519
Tuition and fees	671,529	678,135	1,284,207	606,072
Extracurricular	-	-	450	450
Rental income	2,322	2,345	3,300	955
Payment in lieu of taxes	374,774	374,774	374,774	-
Miscellaneous	1,250,329	1,266,315	1,049,496	(216,819)
Total revenues	<u>61,263,206</u>	<u>61,865,865</u>	<u>61,738,544</u>	<u>(127,321)</u>
Expenditures:				
Current:				
Instruction:				
Regular	26,054,000	26,054,000	25,656,834	397,166
Special	9,800,000	9,800,000	10,102,584	(302,584)
Vocational	3,086,000	3,086,000	3,209,216	(123,216)
Other	5,920,000	5,920,000	1,237,341	4,682,659
Support services:				
Pupil	2,235,000	2,235,000	2,858,717	(623,717)
Instructional staff	2,212,000	2,212,000	2,631,064	(419,064)
Board of education	253,000	253,000	432,860	(179,860)
Administration	4,561,000	4,561,000	4,135,113	425,887
Fiscal	1,398,000	1,398,000	1,526,981	(128,981)
Operations and maintenance	5,107,000	5,107,000	5,455,125	(348,125)
Pupil transportation	2,662,000	2,662,000	2,731,403	(69,403)
Central	205,000	205,000	128,842	76,158
Operation of non-instructional services:				
Other non-instructional services	-	-	26,639	(26,639)
Extracurricular activities	925,000	925,000	1,334,089	(409,089)
Facilities acquisition and construction	84,000	84,000	-	84,000
Total expenditures	<u>64,502,000</u>	<u>64,502,000</u>	<u>61,466,808</u>	<u>3,035,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,238,794)</u>	<u>(2,636,135)</u>	<u>271,736</u>	<u>2,907,871</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	38,512	38,512
Refund of prior year's receipts	(25,000)	(25,000)	-	25,000
Transfers (out)	(50,000)	(50,000)	-	50,000
Advances in	515,000	515,000	-	(515,000)
Advances (out)	(50,000)	(50,000)	-	50,000
Sale of capital assets	13,446	13,446	76,146	62,700
Total other financing sources (uses)	<u>403,446</u>	<u>403,446</u>	<u>114,658</u>	<u>(288,788)</u>
Net change in fund balance	(2,835,348)	(2,232,689)	386,394	2,619,083
Fund balance at beginning of year	10,818,940	10,818,940	10,818,940	-
Prior year encumbrances appropriated	1,730,606	1,730,606	1,730,606	-
Fund balance at end of year	<u>\$ 9,714,198</u>	<u>\$ 10,316,857</u>	<u>\$ 12,935,940</u>	<u>\$ 2,619,083</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and investments	\$ 1,270,089	\$ 3,765,273
Cash in segregated accounts	-	154,000
Receivables:		
Intergovernmental	398,722	-
Total current assets	1,668,811	3,919,273
Noncurrent assets:		
Depreciated/amortized capital assets, net	82,616	-
Total noncurrent assets	82,616	-
Total assets	1,751,427	3,919,273
Liabilities:		
Current liabilities:		
Intergovernmental payable	17,127	-
Lease payable	80,467	-
Claims payable	-	1,306,213
Accrued interest payable	195	-
ODE payable	115,676	-
Total current liabilities	213,465	1,306,213
Total liabilities	213,465	1,306,213
Net position:		
Net investment in capital assets	2,149	-
Restricted for locally funded programs	924	-
Restricted for state funded programs	60,850	-
Unrestricted	1,474,039	2,613,060
Total net position	\$ 1,537,962	\$ 2,613,060

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 FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Operating revenues:		
Charges for services	\$ -	\$ 10,765,617
Foundation revenue	1,132,693	-
Other	13,294	-
Total operating revenues	<u>1,145,987</u>	<u>10,765,617</u>
Operating expenses:		
Personal services	-	448,360
Purchased services	1,258,659	1,931,424
Materials and supplies	78,173	-
Other	4,260	-
Claims	-	7,666,977
Depreciation/amortization	82,708	-
Total operating expenses	<u>1,423,800</u>	<u>10,046,761</u>
Operating income (loss)	<u>(277,813)</u>	<u>718,856</u>
Nonoperating revenues (expenses):		
Grants and subsidies	476,926	-
Interest revenue	43,822	-
Interest and fiscal charges	(3,098)	-
Total nonoperating revenues (expenses)	<u>517,650</u>	<u>-</u>
Change in net position	239,837	718,856
Net position at beginning of year	<u>1,298,125</u>	<u>1,894,204</u>
Net position at end of year	<u>\$ 1,537,962</u>	<u>\$ 2,613,060</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from state foundation	\$ 1,225,441	\$ -
Cash received from charges for services	-	10,765,617
Cash received from other operations	18,544	-
Cash payments for personal services	-	(448,360)
Cash payments for purchased services	(1,270,003)	(1,943,282)
Cash payments for materials and supplies	(78,173)	-
Cash payments for claims	-	(7,487,116)
Cash payments for other expenses	(4,260)	-
	(108,451)	886,859
Net cash provided by (used in) operating activities		
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies	291,942	-
Cash used in repayment of foundation settlement	(115,675)	-
	176,267	-
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
Interest and fiscal charges	(3,098)	-
Principal and retirement on lease	(78,091)	-
	(81,189)	-
Net cash used in capital and related financing activities		
Cash flows from investing activities:		
Interest received	43,822	-
	43,822	-
Net cash provided by investing activities		
Net increase in cash and cash equivalents	30,449	886,859
Cash and cash equivalents at beginning of year	1,239,640	3,032,414
Cash and cash equivalents at end of year	\$ 1,270,089	\$ 3,919,273
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (277,813)	\$ 718,856
Adjustments:		
Depreciation/amortization	82,708	-
Changes in assets and liabilities:		
Accounts receivable	5,250	-
Intergovernmental receivable	78,266	-
Accounts payable	(7,869)	-
Intergovernmental payable	11,208	-
Accrued interest payable	(201)	-
Claims payable	-	168,003
	(108,451)	886,859
Net cash provided by (used in) operating activities	\$ (108,451)	\$ 886,859

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, 2023

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 506 certified teaching personnel, 365 classified support personnel, and 39 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 1 preschool, 6 elementary schools, 2 middle schools, 1 high school, and a vocational center, 1 administration building, 1 transportation building and 1 facilities building to provide services to approximately 5,256 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, 2023

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, 2023

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 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. The District does not have any fiduciary funds.

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, 2023

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.

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, 2023

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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 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. 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.

See Notes 12 and 13 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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.

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 2023, investments were limited to nonnegotiable certificates of deposits, negotiable certificates of deposit, federal agency securities, U.S. government money market mutual funds, U.S. treasury bills 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 2023, 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 their 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 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. 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 2023 amounted to \$610,547, which includes \$266,997 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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 expended/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.

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. 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/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization 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 right to use	3 - 5 years	3 years

The District is reporting intangible right to use assets related to leased buildings and software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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, 2023, 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.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 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 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 \$605,209, represent the principal portion. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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.

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 local grants and a special trust.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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.

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 2023, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

T. Security Deposit

At June 30, 2023, 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.

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 2023, the District has implemented GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 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, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

These changes were incorporated in the District’s fiscal year 2023 financial statements.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 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, 2023 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Elementary and Secondary School Emergency Relief (ESSER)	\$ 47,813
Vocational Education	12,939
Title I	59,051

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 trading 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;
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".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2023, the carrying amount of all District deposits was \$4,898,131 and the bank balance of all District deposits was \$5,459,665. Of the bank balance, \$1,623,808 was covered by the FDIC, \$2,757,365 was covered by the Ohio Pooled Collateral System and \$1,078,492 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 2023, 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.

D. Investments

As of June 30, 2023, 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	\$ 3,164,251	\$ 145,877	\$ 1,582,185	\$ -	\$ -	\$ 1,436,189
FNMA	2,655,142	-	-	-	878,579	1,776,563
FHLMC	2,227,199	-	-	-	494,960	1,732,239
U.S. Government money markets	1,757,498	1,757,498	-	-	-	-
U.S. Treasury bills	706,152	706,152	-	-	-	-
Negotiable CD's	2,085,395	248,607	234,958	242,827	1,135,725	223,278
Amortized Cost:						
STAR Ohio	10,187,255	10,187,255	-	-	-	-
Total	\$ 22,782,892	\$ 13,045,389	\$ 1,817,143	\$ 242,827	\$ 2,509,264	\$ 5,168,269

The weighted average maturity of investments is 0.79 years.

The District's investments in U.S. Government money market mutual funds and U.S. Treasury bills 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).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2023:

Measurement	Measurement	Percent
<u>Investment type</u>	<u>Value</u>	<u>of Total</u>
Fair Value:		
FHLB	\$ 3,164,251	13.90
FNMA	2,655,142	11.65
FHLMC	2,227,199	9.78
U.S. Government money markets	1,757,498	7.71
U.S. Treasury bills	706,152	3.10
Negotiable CD's	2,085,395	9.15
Amortized Cost:		
STAR Ohio	<u>10,187,255</u>	<u>44.71</u>
Total	<u>\$ 22,782,892</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2023:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 4,898,131
Investments	22,782,892
Cash in segregated accounts	154,000
Cash on hand	<u>1,427</u>
Total	<u>\$ 27,836,450</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 26,566,361
Business-type activities	<u>1,270,089</u>
Total	<u>\$ 27,836,450</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2023, 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>\$ 519,664</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.

- B. Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported on the fund financial statement:

<u>Transfers from nonmajor governmental fund to:</u>	<u>Amount</u>
Nonmajor governmental fund	<u>\$ 46,896</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. This transfer was in accordance with Ohio Revised Code § 3318.051(B).

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, 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 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2021, 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, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was \$4,795,498 in the general fund, \$631,909 in the bond retirement fund (a nonmajor governmental fund) and \$305,554 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for 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). 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, 2023 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 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 881,486,720	92.34	\$ 1,067,389,750	93.38
Public utility personal	<u>73,082,430</u>	<u>7.66</u>	<u>75,645,090</u>	<u>6.62</u>
Total	<u>\$ 954,569,150</u>	<u>100.00</u>	<u>\$ 1,143,034,840</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		3.76	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 \$345,717 in payments in lieu of taxes during fiscal year 2023, and a receivable of \$133,224 has been reported on the statement of net position.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2023 consisted of property taxes, payments in lieu of taxes (PILOT), accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. 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	\$ 36,504,650
PILOT	133,224
Accounts	21,168
Intergovernmental	1,363,427
Accrued interest	<u>64,689</u>
Total	<u>\$ 38,087,158</u>

Business-type activities:

Intergovernmental	<u>\$ 398,722</u>
Total	<u>\$ 398,722</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables 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, 2023

NOTE 9 - CAPITAL ASSETS

A. Governmental activities capital asset activity for the fiscal year ended June 30, 2023, was as follows:

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>
	<u>06/30/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/23</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,722,570	\$ -	\$ -	\$ 1,722,570
Construction in progress	4,288,934	3,165,331	(5,673,915)	1,780,350
<i>Total capital assets, not being depreciated/amortized</i>	<u>6,011,504</u>	<u>3,165,331</u>	<u>(5,673,915)</u>	<u>3,502,920</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	4,805,848	-	-	4,805,848
Buildings and improvements	108,506,578	5,337,435	-	113,844,013
Equipment and furniture	14,919,860	336,480	(2,607)	15,253,733
Vehicles	4,621,457	428,924	(17,000)	5,033,381
Infrastructure	1,450,306	-	-	1,450,306
Intangible right to use: leased building	136,283	-	-	136,283
Intangible right to use: software	-	12,222	-	12,222
<i>Total capital assets, being depreciated/amortized</i>	<u>134,440,332</u>	<u>6,115,061</u>	<u>(19,607)</u>	<u>140,535,786</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(2,588,510)	(204,494)	-	(2,793,004)
Buildings and improvements	(34,684,004)	(2,123,718)	-	(36,807,722)
Equipment and furniture	(11,344,808)	(815,244)	2,346	(12,157,706)
Vehicles	(2,998,653)	(213,296)	17,000	(3,194,949)
Infrastructure	(239,463)	(48,188)	-	(287,651)
Intangible right to use: leased building	(68,141)	(68,142)	-	(136,283)
Intangible right to use: software	-	(2,246)	-	(2,246)
<i>Total accumulated depreciation/amortization</i>	<u>(51,923,579)</u>	<u>(3,475,328)</u>	<u>19,346</u>	<u>(55,379,561)</u>
Total capital assets, net	<u>\$ 88,528,257</u>	<u>\$ 5,805,064</u>	<u>\$ (5,674,176)</u>	<u>\$ 88,659,145</u>

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

<u>Instruction:</u>	
Regular	\$ 1,565,874
Special	306,586
Vocational	364,573
<u>Support services:</u>	
Pupil	77,188
Instructional staff	92,119
Administration	149,396
Fiscal	67,165
Business	434
Operations and maintenance	336,197
Pupil transportation	250,975
Other non-instructional services	150,485
Extracurricular activities	89,627
Food service operations	24,709
Total depreciation/amortization expense	<u>\$ 3,475,328</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the fiscal year ended June 30, 2023, was as follows:

<u>Business-type activities:</u>	<u>Balance</u>			<u>Balance</u>
	<u>06/30/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/23</u>
<i>Capital assets, being depreciated/amortized:</i>				
Equipment and furniture	\$ 175,868	\$ -	\$ -	\$ 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>410,798</u>	<u>-</u>	<u>-</u>	<u>410,798</u>
<i>Less: accumulated depreciation/amortization:</i>				
Equipment and furniture	(167,164)	(4,398)	-	(171,562)
Intangible right to use: leased building	<u>(78,310)</u>	<u>(78,310)</u>	<u>-</u>	<u>(156,620)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(245,474)</u>	<u>(82,708)</u>	<u>-</u>	<u>(328,182)</u>
Total capital assets, net	<u>\$ 165,324</u>	<u>\$ (82,708)</u>	<u>\$ -</u>	<u>\$ 82,616</u>

Business-type activities:

Findlay Digital Academy	<u>\$ 82,708</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 82,708</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2023, the following changes occurred in the governmental activities long-term obligations.

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>06/30/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/23</u>	<u>Due in</u>
					<u>One Year</u>
G.O. current interest bonds payable, Series 2010	\$ 39,305,000	\$ -	\$ (1,835,000)	\$ 37,470,000	\$ 1,895,000
Tax Anticipation Notes, Series 2021 - direct borrowing	5,410,000	-	(560,000)	4,850,000	570,000
Tax Anticipation Notes, Series 2023 - direct borrowing	-	2,050,000	-	2,050,000	-
Note payable - financed purchase	-	519,438	(259,928)	259,510	127,150
Lease payable	68,783	-	-	68,783	68,783
Net pension liability	40,335,083	28,498,115	-	68,833,198	-
Net OPEB liability	4,922,615	-	(1,190,156)	3,732,459	-
Compensated absences	<u>4,411,193</u>	<u>524,741</u>	<u>(630,130)</u>	<u>4,305,804</u>	<u>670,664</u>
Total governmental activities	<u>\$ 94,452,674</u>	<u>\$ 31,592,294</u>	<u>\$ (4,475,214)</u>	121,569,754	<u>\$ 3,331,597</u>
				<u>Unamortized premium on bonds</u>	
				263,863	
				Total on statement of net position	<u>\$ 121,833,617</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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.

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

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
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	2,190,000	1,759,738	3,949,738
2029 - 2033	12,300,000	6,654,242	18,954,242
2034 - 2038	14,990,000	2,416,562	17,406,562
Total	<u>\$ 37,470,000</u>	<u>\$ 19,068,991</u>	<u>\$ 56,538,991</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, 2023, the remaining balance of the Series 2021 Tax anticipation notes is \$4,850,000.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire Series 2021 Tax anticipation notes outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30	Tax anticipation notes		
	Principal	Interest	Total
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	610,000	31,928	641,928
2029 - 2031	1,900,000	41,630	1,941,630
Total	\$ 4,850,000	\$ 287,427	\$ 5,137,427

Tax Anticipation Notes, Series 2023

On April 27, 2023, the District issued \$2,050,000 in general obligation tax anticipation notes to provide on-going permanent improvements through the District. 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 4.8405% and mature on November 1, 2030. Interest payments are due November 1 of each year. Principal and interest payments are paid from the permanent improvement fund. As of June 30, 2023, the remaining balance of the Series 2023 Tax anticipation notes is \$2,050,000.

The tax anticipation note is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender (Huntington Public Capital Corporation) and are not offered for public sale. The note is collateralized by future tax collections.

Principal and interest requirements to retire Series 2023 Tax anticipation notes outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30	Tax anticipation notes		
	Principal	Interest	Total
2024	\$ -	\$ -	\$ -
2025	210,000	152,411	362,411
2026	275,000	90,528	365,528
2027	285,000	76,998	361,998
2028	295,000	62,976	357,976
2029 - 2031	985,000	98,892	1,083,892
Total	\$ 2,050,000	\$ 481,805	\$ 2,531,805

Note Payable - Financed Purchase

On October 1, 2021, the District entered into a note payable - financed purchase agreement with Dell Financial Services LLC. for the purpose of acquiring computer equipment. The \$519,438 in proceeds are to be repaid over four years, maturing on October 1, 2024. This is a direct borrowing collateralized by the equipment. Principal and interest payments related to this agreement are made from the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the note payable - financed purchase obligation at June 30, 2023 follows:

Fiscal Year Ending June 30,	Note Payable - Financed Purchase		
	Principal	Interest	Total
2024	\$ 127,150	\$ 10,632	\$ 137,782
2025	132,360	5,422	137,782
Total	<u>\$ 259,510</u>	<u>\$ 16,054</u>	<u>\$ 275,564</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.

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

Description	Lease	Years	Lease	Payment
	Commencement		End	
	Date (fiscal year)		Date (fiscal year)	Method
Building Space	2017	8	2024	Monthly

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

Fiscal Year	Principal	Interest	Total
2024	\$ 68,783	\$ 2,092	\$ 70,875
Total	<u>\$ 68,783</u>	<u>\$ 2,092</u>	<u>\$ 70,875</u>

B. During fiscal year 2023, the following changes occurred in the business-type activities long-term obligations.

	Balance at 06/30/22	Additions	Reductions	Balance at 06/30/23	Due Within One Year
ODE payable	\$ 231,351	\$ -	\$ (115,675)	\$ 115,676	\$ 115,676
Lease payable	158,558	-	(78,091)	80,467	80,467
Total long-term obligations	<u>\$ 389,909</u>	<u>\$ -</u>	<u>\$ (193,766)</u>	<u>\$ 196,143</u>	<u>\$ 196,143</u>

ODE Payable

Long-term obligations at June 30, 2023 consist of \$115,676 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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>
2024	\$ 115,676	\$ -	\$ 115,676
Total	<u>\$ 115,676</u>	<u>\$ -</u>	<u>\$ 115,676</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.

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

<u>Fiscal Year</u>	<u>Lease Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 80,467	\$ 1,313	\$ 81,780
Total	<u>\$ 80,467</u>	<u>\$ 1,313</u>	<u>\$ 81,780</u>

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, 2023 are a voted debt margin of \$60,752,317 (including available funds of \$2,249,181), and an unvoted debt margin of \$1,143,035.

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 2023, the District contracted with Liberty Mutual Insurance for property and general liability insurance.

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RISK MANAGEMENT - (Continued)

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.

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 two comprehensive medical/surgical plans: Option B Plan and Option C (HSA) Plan. 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 \$2,068 for family coverage and \$834 for single coverage. The monthly premium of the Option C Plan (HSA) is \$1,929 for family coverage, and \$778 for single coverage. The annual high deductible for the HSA Plan for Union employees is \$2,375 individual/\$4,750 family deductible for in-network providers. 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 \$113 monthly for family coverage and \$46 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 \$1,306,213 reported in the Employee Benefits Self Insurance fund at June 30, 2023 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>
2023	\$ 1,138,210	\$ 7,666,977	\$ (7,498,974)	\$ 1,306,213
2022	923,301	7,539,051	(7,324,142)	1,138,210

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District’s 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.

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 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

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, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District’s contractually required contribution to SERS was \$1,427,996 for fiscal year 2023. Of this amount, \$64,002 is reported as pension and postemployment benefits payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of 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. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. 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.

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, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was \$4,668,183 for fiscal year 2023. Of this amount, \$774,680 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.253144300%	0.242413870%	
Proportion of the net pension liability current measurement date	<u>0.260086400%</u>	<u>0.246358040%</u>	
Change in proportionate share	<u>0.006942100%</u>	<u>0.003944170%</u>	
Proportionate share of the net pension liability	\$ 14,067,495	\$ 54,765,703	\$ 68,833,198
Pension expense	\$ 246,824	\$ 5,850,148	\$ 6,096,972

At June 30, 2023, 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	\$ 569,745	\$ 701,071	\$ 1,270,816
Net difference between projected and actual earnings on pension plan investments	-	1,905,724	1,905,724
Changes of assumptions	138,805	6,553,809	6,692,614
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	255,183	426,194	681,377
Contributions subsequent to the measurement date	<u>1,427,996</u>	<u>4,668,183</u>	<u>6,096,179</u>
Total deferred outflows of resources	<u>\$ 2,391,729</u>	<u>\$ 14,254,981</u>	<u>\$ 16,646,710</u>

**FINDLAY CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 92,349	\$ 209,495	\$ 301,844
Net difference between projected and actual earnings on pension plan investments	490,891	-	490,891
Changes of assumptions	-	4,933,135	4,933,135
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	220,426	2,257,841	2,478,267
Total deferred inflows of resources	\$ 803,666	\$ 7,400,471	\$ 8,204,137

\$6,096,179 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, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (32,720)	\$ (601,131)	\$ (633,851)
2025	78,254	(796,659)	(718,405)
2026	(701,249)	(1,970,012)	(2,671,261)
2027	815,782	5,554,129	6,369,911
Total	\$ 160,067	\$ 2,186,327	\$ 2,346,394

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

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

In 2022, 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, 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
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.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 20,706,682	\$ 14,067,495	\$ 8,474,071

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022. 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, 2022.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2022, 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	\$ 82,731,039	\$ 54,765,703	\$ 31,115,686

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what 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, 2023

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, 2023, 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 2023, 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 2023, the District's surcharge obligation was \$189,671.

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 \$189,671 for fiscal year 2023. Of this amount, \$189,671 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, 2023, 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, 2022, 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
HANCOCK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	0.260100500%	0.242413870%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.265842700%</u>	<u>0.246358040%</u>	
Change in proportionate share	<u>0.005742200%</u>	<u>0.003944170%</u>	
Proportionate share of the net OPEB liability	\$ 3,732,459	\$ -	\$ 3,732,459
Proportionate share of the net OPEB asset	\$ -	\$ (6,379,028)	\$ (6,379,028)
OPEB expense	\$ (466,361)	\$ (1,102,218)	\$ (1,568,579)

At June 30, 2023, 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	\$ 31,377	\$ 92,478	\$ 123,855
Net difference between projected and actual earnings on OPEB plan investments	19,402	111,044	130,446
Changes of assumptions	593,695	271,725	865,420
Difference between employer contributions and proportionate share of contributions/change in proportionate share	107,574	90,178	197,752
Contributions subsequent to the measurement date	<u>189,671</u>	<u>-</u>	<u>189,671</u>
Total deferred outflows of resources	<u>\$ 941,719</u>	<u>\$ 565,425</u>	<u>\$ 1,507,144</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,387,555	\$ 958,015	\$ 3,345,570
Changes of assumptions	1,532,203	4,523,354	6,055,557
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>849,735</u>	<u>18,388</u>	<u>868,123</u>
Total deferred inflows of resources	<u>\$ 4,769,493</u>	<u>\$ 5,499,757</u>	<u>\$ 10,269,250</u>

\$189,671 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, 2024.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$ (962,063)	\$ (1,415,761)	\$ (2,377,824)
2025	(964,053)	(1,412,268)	(2,376,321)
2026	(835,109)	(688,953)	(1,524,062)
2027	(528,521)	(287,052)	(815,573)
2028	(315,933)	(374,360)	(690,293)
Thereafter	(411,766)	(755,938)	(1,167,704)
Total	\$ (4,017,445)	\$ (4,934,332)	\$ (8,951,777)

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, 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, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among 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.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 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 long-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 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 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 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

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 (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 4,635,771	\$ 3,732,459	\$ 3,003,241

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,878,396	\$ 3,732,459	\$ 4,848,004

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, 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%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the prior measurement date, 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

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

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	<u>1.00</u>	1.00
Total	<u><u>100.00 %</u></u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. 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 those 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, 2022. 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, 2022.

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, 2022, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 5,907,099	\$ 6,379,028	\$ 6,791,719
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 6,616,605	\$ 6,379,028	\$ 6,079,148

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).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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	\$ 386,394
Net adjustment for revenue accruals	2,759,131
Net adjustment for expenditure accruals	(11,840)
Net adjustment for other sources/uses	480,926
Funds budgeted elsewhere*	(280,337)
Adjustment for encumbrances	1,277,499
GAAP basis	\$ 4,611,773

*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.

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 2023 have been finalized and resulted in a liability from the District for \$11,054. This amount was not reported on the financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 16 - 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.

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, 2022	\$ -
Current year set-aside requirement	1,120,588
Current year qualifying expenditures	(747,610)
Current year offsets	<u>(1,828,803)</u>
Total	<u>\$ (1,455,825)</u>
Balance carried forward to fiscal year 2024	<u>\$ -</u>
Set-aside balance June 30, 2023	<u>\$ -</u>

NOTE 17 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. 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	\$ 1,305,870
Nonmajor governmental funds	<u>1,782,879</u>
Total	<u>\$ 3,088,749</u>

NOTE 18 - 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 \$1,607,757.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 19 - SHORT-TERM OBLIGATIONS

A summary of short-term notes payable transactions for the year ended June 30, 2023 follows:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Governmental activities				
SafeDefend Loan Payable	\$ -	\$ 887,050	\$ (887,050)	\$ -
Total governmental activities	\$ -	\$ 887,050	\$ (887,050)	\$ -

On September 13, 2022, the District issued \$887,050 in loans payable in order to finance a SafeDefend System. This loan was repaid during the current fiscal year.

NOTE 20 - SUBSEQUENT EVENT

Effective August 1, 2023, Andy Hatton became the District's Superintendent.

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 TEN FISCAL YEARS			
	2023	2022	2021	2020
District's proportion of the net pension liability	0.260086400%	0.253144300%	0.268712500%	0.285801900%
District's proportionate share of the net pension liability	\$ 14,067,495	\$ 9,340,291	\$ 17,773,211	\$ 17,100,029
District's covered payroll	\$ 9,708,636	\$ 8,711,129	\$ 9,425,129	\$ 8,482,178
District's proportionate share of the net pension liability as a percentage of its covered payroll	144.90%	107.22%	188.57%	201.60%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.306973900%	0.299984700%	0.296636300%	0.291758100%	0.283448000%	0.283448000%
\$ 17,580,964	\$ 17,923,423	\$ 21,711,040	\$ 16,648,000	\$ 14,345,142	\$ 16,855,743
\$ 10,360,104	\$ 10,258,343	\$ 9,906,671	\$ 8,783,445	\$ 8,236,450	\$ 7,787,168
169.70%	174.72%	219.16%	189.54%	174.17%	216.46%
71.36%	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 TEN FISCAL YEARS			
	2023	2022	2021	2020
District's proportion of the net pension liability	0.246358040%	0.242413870%	0.255702540%	0.258496200%
District's proportionate share of the net pension liability	\$ 54,765,703	\$ 30,994,792	\$ 61,870,916	\$ 57,164,881
District's covered payroll	\$ 32,444,479	\$ 29,978,871	\$ 30,878,243	\$ 30,246,307
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.80%	103.39%	200.37%	189.00%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.260969540%	0.254958060%	0.252501130%	0.247427440%	0.246523380%	0.246523380%
\$ 57,381,342	\$ 60,565,834	\$ 84,519,739	\$ 68,381,707	\$ 59,963,018	\$ 71,427,554
\$ 30,184,950	\$ 28,109,257	\$ 27,235,021	\$ 25,814,907	\$ 25,187,877	\$ 24,787,677
190.10%	215.47%	310.33%	264.89%	238.06%	288.16%
77.31%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,427,996	\$ 1,359,209	\$ 1,219,558	\$ 1,319,518
Contributions in relation to the contractually required contribution	<u>(1,427,996)</u>	<u>(1,359,209)</u>	<u>(1,219,558)</u>	<u>(1,319,518)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,199,971	\$ 9,708,636	\$ 8,711,129	\$ 9,425,129
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,145,094	\$ 1,398,614	\$ 1,436,168	\$ 1,386,934	\$ 1,157,658	\$ 1,141,572
<u>(1,145,094)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,482,178	\$ 10,360,104	\$ 10,258,343	\$ 9,906,671	\$ 8,783,445	\$ 8,236,450
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

**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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 4,668,183	\$ 4,542,227	\$ 4,197,042	\$ 4,322,954
Contributions in relation to the contractually required contribution	<u>(4,668,183)</u>	<u>(4,542,227)</u>	<u>(4,197,042)</u>	<u>(4,322,954)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 33,344,164	\$ 32,444,479	\$ 29,978,871	\$ 30,878,243
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,234,483	\$ 4,225,893	\$ 3,935,296	\$ 3,812,903	\$ 3,614,087	\$ 3,274,424
<u>(4,234,483)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 30,246,307	\$ 30,184,950	\$ 28,109,257	\$ 27,235,021	\$ 25,814,907	\$ 25,187,877
14.00%	14.00%	14.00%	14.00%	14.00%	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 SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.265842700%	0.260100500%	0.278687100%	0.291782300%
District's proportionate share of the net OPEB liability	\$ 3,732,459	\$ 4,922,615	\$ 6,056,783	\$ 7,337,711
District's covered payroll	\$ 9,708,636	\$ 8,711,129	\$ 9,425,129	\$ 8,482,178
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.44%	56.51%	64.26%	86.51%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

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>2019</u>	<u>2018</u>	<u>2017</u>
0.310202500%	0.303886600%	0.299662420%
\$ 8,605,855	\$ 8,155,518	\$ 8,541,488
\$ 10,360,104	\$ 10,258,343	\$ 9,906,671
83.07%	79.50%	86.22%
13.57%	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 SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability/asset	0.246358040%	0.242413870%	0.255702540%	0.258496200%
District's proportionate share of the net OPEB liability/(asset)	\$ (6,379,028)	\$ (5,111,098)	\$ (4,493,970)	\$ (4,281,317)
District's covered payroll	\$ 32,444,479	\$ 29,978,871	\$ 30,878,243	\$ 30,246,307
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.66%	17.05%	14.55%	14.15%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

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>2019</u>	<u>2018</u>	<u>2017</u>
0.260969540%	0.254958060%	0.252501130%
\$ (4,193,514)	\$ 9,947,523	\$ 13,503,826
\$ 30,184,950	\$ 28,109,257	\$ 27,235,021
13.89%	35.39%	49.58%
176.00%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 189,671	\$ 173,109	\$ 162,824	\$ 178,300
Contributions in relation to the contractually required contribution	<u>(189,671)</u>	<u>(173,109)</u>	<u>(162,824)</u>	<u>(178,300)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,199,971	\$ 9,708,636	\$ 8,711,129	\$ 9,425,129
Contributions as a percentage of covered payroll	1.86%	1.78%	1.87%	1.89%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 215,311	\$ 213,956	\$ 163,181	\$ 147,572	\$ 211,212	\$ 143,976
<u>(215,311)</u>	<u>(213,956)</u>	<u>(163,181)</u>	<u>(147,572)</u>	<u>(211,212)</u>	<u>(143,976)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,482,178	\$ 10,360,104	\$ 10,258,343	\$ 9,906,671	\$ 8,783,445	\$ 8,236,450
2.54%	2.07%	1.59%	1.49%	2.40%	1.75%

**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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</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	\$ 33,344,164	\$ 32,444,479	\$ 29,978,871	\$ 30,878,243
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,879
-	-	-	-	-	(251,879)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 30,246,307	\$ 30,184,950	\$ 28,109,257	\$ 27,235,021	\$ 25,814,907	\$ 25,187,877
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018
- 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%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 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 Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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 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%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%

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 year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions:

- For fiscal year 2017, 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.
- 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%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB 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 Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

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.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued):

- 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.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL 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	<u>\$250,816</u>
National School Lunch Program		
COVID-19 Cash Assistance	10.555	212,047
Non-Cash Assistance (Commodities)	10.555	103,678
Cash Assistance	10.555	<u>1,189,324</u>
Total National School Lunch Program		<u>1,505,049</u>
Total Child Nutrition Cluster		<u>1,755,865</u>
COVID-19 Pandemic EBT Administrative Costs	10.649	<u>3,135</u>
Total U.S. Department of Agriculture		<u>1,759,000</u>
U.S. DEPARTMENT OF TREASURY <i>Passed Through Ohio Facilities Construction Commission</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>997,591</u>
Total U.S. Department of Treasury		<u>997,591</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010A	1,345,963
Title I Grants to Local Educational Agencies - School Quality Improvement	84.010A	43,337
Title I Grants to Local Education Agencies - Expanding Opportunities for Each Child Competitive Grant	84.010A	46,887
Title I Grants to Local Education Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	62,301
Total Title I Grants to Local Education Agencies		<u>1,498,488</u>
<u>Special Education Cluster:</u>		
Special Education Grants to States	84.027A	1,424,121
ARP Special Education Grants to States	84.027X	<u>54,822</u>
Total Special Education Grants to States		<u>1,478,943</u>
Special Education Preschool Grants	84.173A	<u>60,875</u>
Total Special Education Cluster		<u>1,539,818</u>
Career and Technical Education - Basic Grants to States	84.048A	<u>197,166</u>
English Language Acquisition State Grants	84.365A	<u>26,679</u>
Improving Teacher Quality State Grants	84.367A	<u>256,519</u>
Student Support and Academic Enrichment Program	84.424A	<u>116,529</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	988,193
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	3,874,071
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP Homeless)	84.425W	6,400
Total COVID-19 Education Stabilization Fund		<u>4,868,664</u>
Total U.S. Department of Education		<u>8,503,863</u>
Total Expenditures of Federal Awards		<u>\$11,260,454</u>

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, 2023**

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, 2023. 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 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 2023 to 2024 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
School Breakfast Program	10.553	\$ 50,927
National School Lunch Program	10.555	\$ 266,376
Title I Grants to Local Educational Agencies	84.010	\$ 94,107
English Language Acquisition State Grants	84.365	\$ 940
Improving Teacher Quality State Grants	84.367	\$ 63,241
Student Support and Academic Enrichment Program	84.424	\$ 5,655
American Rescue Plan - ARP ESSER	84.425	\$ 1,965,228
American Rescue Plan - ARP Homeless	84.425	\$ 47,975

NOTE G – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENT

The Ohio Department of Education (ODE) sub-awarded to Findlay City School District, Federal funding from the U.S. Department of Education. Although these programs were administered at the District level, ODE adjusted the District’s Career and Technical Education – Basic Grants to States program expenditures to align them with available funding sources. ODE’s adjustments were retroactive to the beginning of the grant period (October 1, 2021). Therefore, these adjustments affect 2022 fiscal-year program expenditures previously reported as follows:

Program	CFDA Number	2022 Federal Expenditure
U.S. Department of Education Career and Technical Education – Basic Grants to States	84.048	\$18,231

These errors would not have a material effect on the assessment of major programs or testing of the major programs.

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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, 2023, 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 25, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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 25, 2024



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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, 2023. 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, 2023.

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 \$398,523 in federal awards which is not included in the District's Schedule of Expenditures of Federal Awards during the year ended June 30, 2023. 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, 2023, 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 25, 2024

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**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

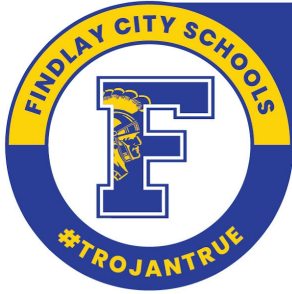
(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(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):	Coronavirus State and Local Fiscal Recovery Funds – AL# 21.027 Title I Grants to Local Educational Agencies – AL# 84.010 Improving Teacher Quality State Grants – AL# 84.367 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**

None

3. FINDINGS FOR FEDERAL AWARDS

None



FINDLAY CITY SCHOOLS

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Significant deficiency due to the District incorrectly reporting all activity of their component unit, Findlay Digital Academy, as a discretely presented component unit instead of a blended component unit.	Corrective action taken and finding is fully corrected.	

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 3/28/2024

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