

FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY
REGULAR AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE KEITH FABER

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Board of Education
Fairbanks Local School District
11158 SR38
Milford Center, Ohio 43045

We have reviewed the *Independent Auditor's Report* of Fairbanks Local School District, Union County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



Keith Faber
Auditor of State
Columbus, Ohio

May 22, 2025

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Fairbanks Local School District

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Independent Auditor's Report

Board of Education
Fairbanks Local School District
11158 SR38
Milford Center, Ohio 43045

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Fairbanks Local School District, Union County, Ohio (the District) as of and for the year ended June 30, 2024, 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, each major fund, and the aggregate remaining fund information of Fairbanks Local School District, Union County, Ohio, as of June 30, 2024, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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, the budgetary comparison for the General Fund, the schedules of the District's proportionate share of the net pension liability, the schedules of the District's proportionate share of the net OPEB liability (asset), and the schedules of District 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.

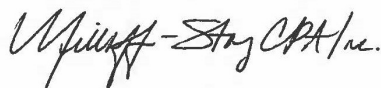
We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency 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* (Uniform Guidance), 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 19, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 19, 2025

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The management's discussion and analysis of Fairbanks Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position increased \$2,918,553 from 2023's net position. Net position of governmental activities increased \$2,922,900, which represents a 32.99% increase from 2023's net position. Net position of business-type activities decreased \$4,347 from fiscal year 2023.
- For governmental activities, general revenues accounted for \$17,927,685, or 88.05% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,432,595, or 11.95%, of total revenues of \$20,360,280.
- The District had \$17,437,380 in expenses related to governmental activities; only \$2,432,595 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 \$17,927,685 were adequate to provide for the programs.
- The District's major governmental funds are the general fund, the permanent improvement fund, and the building fund. The general fund had \$16,947,747 in revenues and other financing sources and \$17,015,208 in expenditures and other financing uses. The general fund's fund balance decreased \$67,461 from a balance of \$10,202,717 to \$10,135,256.
- The permanent improvement fund had \$890,161 in revenues and \$1,199,421 in expenditures. The permanent improvement fund's fund balance decreased \$309,260 from a balance of \$1,444,427 to \$1,135,167.
- The building fund had \$11,799,169 in revenues and other financing sources and \$279,147 in expenditures. The building fund's fund balance increased \$11,520,022 from a balance of \$16,144 to \$11,536,166.
- Net position for the District's enterprise fund decreased \$4,347. The Fairbanks Elementary Extended Day Program (F.E.E.D. Program), a nonmajor enterprise fund, had \$60,394 in operating revenues and \$64,741 in operating expenses.

Using the 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 non-major funds presented in total in one column. In the case of the District, the general fund, permanent improvement fund, and building fund are by far the most significant funds. These funds are reported as major.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 2024?" 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.

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 of non-instructional services 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 District's F.E.E.D. Program operations are reported as business activities.

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 funds are the general fund, the permanent improvement fund, and the building 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 statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in a custodial fund. 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparison schedule, net pension liability, and net OPEB liability/asset.

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**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 for 2024 and 2023.

| | <u>Governmental Activities</u> | | <u>Net Position Business-Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|---------------------|--|------------------|----------------------|---------------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| <u>Assets</u> | | | | | | |
| Current assets | \$ 36,246,368 | \$ 24,800,047 | \$ 97,249 | \$ 101,645 | \$ 36,343,617 | \$ 24,901,692 |
| Net OPEB asset | 962,485 | 1,260,418 | - | - | 962,485 | 1,260,418 |
| Capital assets, net | <u>18,362,727</u> | <u>15,202,612</u> | <u>-</u> | <u>-</u> | <u>18,362,727</u> | <u>15,202,612</u> |
| Total assets | <u>55,571,580</u> | <u>41,263,077</u> | <u>97,249</u> | <u>101,645</u> | <u>55,668,829</u> | <u>41,364,722</u> |
| <u>Deferred outflows of resources</u> | | | | | | |
| Pension | 2,744,175 | 3,207,857 | 18,063 | 13,110 | 2,762,238 | 3,220,967 |
| OPEB | <u>474,609</u> | <u>302,294</u> | <u>15,035</u> | <u>7,847</u> | <u>489,644</u> | <u>310,141</u> |
| Total deferred outflows of resources | <u>3,218,784</u> | <u>3,510,151</u> | <u>33,098</u> | <u>20,957</u> | <u>3,251,882</u> | <u>3,531,108</u> |
| <u>Liabilities</u> | | | | | | |
| Current liabilities | 2,536,734 | 1,808,735 | - | - | 2,536,734 | 1,808,735 |
| Long-term liabilities: | | | | | | |
| Due within one year | 1,062,287 | 688,691 | - | - | 1,062,287 | 688,691 |
| Net pension liability | 13,269,996 | 13,413,515 | 61,046 | 51,046 | 13,331,042 | 13,464,561 |
| Net OPEB liability | 798,859 | 687,141 | 18,666 | 13,530 | 817,525 | 700,671 |
| Other amounts | <u>18,443,906</u> | <u>7,632,903</u> | <u>-</u> | <u>-</u> | <u>18,443,906</u> | <u>7,632,903</u> |
| Total liabilities | <u>36,111,782</u> | <u>24,230,985</u> | <u>79,712</u> | <u>64,576</u> | <u>36,191,494</u> | <u>24,295,561</u> |
| <u>Deferred inflows of resources</u> | | | | | | |
| Property taxes | 8,380,706 | 8,285,492 | - | - | 8,380,706 | 8,285,492 |
| Unamortized deferred gain | 84,587 | 92,639 | - | - | 84,587 | 92,639 |
| Pension | 930,311 | 1,407,169 | 858 | 3,703 | 931,169 | 1,410,872 |
| OPEB | <u>1,500,766</u> | <u>1,897,631</u> | <u>17,811</u> | <u>18,010</u> | <u>1,518,577</u> | <u>1,915,641</u> |
| Total deferred inflows of resources | <u>10,896,370</u> | <u>11,682,931</u> | <u>18,669</u> | <u>21,713</u> | <u>10,915,039</u> | <u>11,704,644</u> |
| <u>Net Position</u> | | | | | | |
| Net investment in capital assets | 10,143,438 | 7,540,112 | - | - | 10,143,438 | 7,540,112 |
| Restricted | 5,173,556 | 4,515,052 | - | - | 5,173,556 | 4,515,052 |
| Unrestricted (deficit) | <u>(3,534,782)</u> | <u>(3,195,852)</u> | <u>31,966</u> | <u>36,313</u> | <u>(3,502,816)</u> | <u>(3,159,539)</u> |
| Total net position | <u>\$ 11,782,212</u> | <u>\$ 8,859,312</u> | <u>\$ 31,966</u> | <u>\$ 36,313</u> | <u>\$ 11,814,178</u> | <u>\$ 8,895,625</u> |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

GASB 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/asset 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$11,814,178. \$11,782,212 of this total is in governmental activities, and \$31,966 is in business-type activities.

Current assets increased primarily due to an increase in cash and cash equivalents due to the District issuing \$11,480,000 in certificates of participation.

Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail.

Capital assets reported on the government-wide statements represented 32.99% of total assets. Capital assets include land, land improvements, buildings/improvements, furniture/equipment, vehicles, and intangible right to use assets. The District's net investment in capital assets at June 30, 2024, was \$10,143,438 in the governmental activities. These capital assets are used to provide services to 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.

Deferred inflows related to OPEB decreased primarily due to the difference between expected and actual experience by STRS.

Long-term liabilities increased primarily due to more debt obligations relating to the issuance of Certificates of Participation during the fiscal year

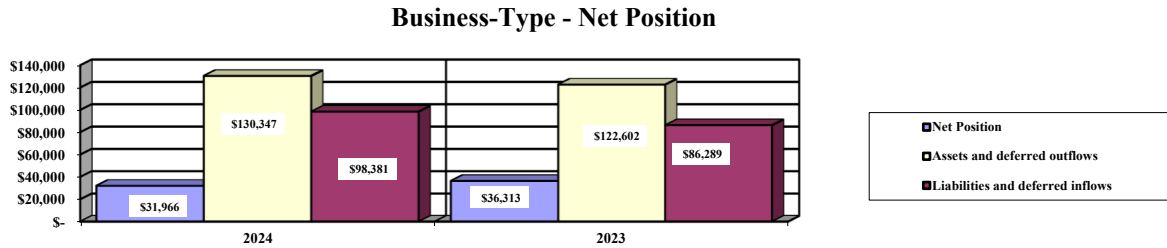
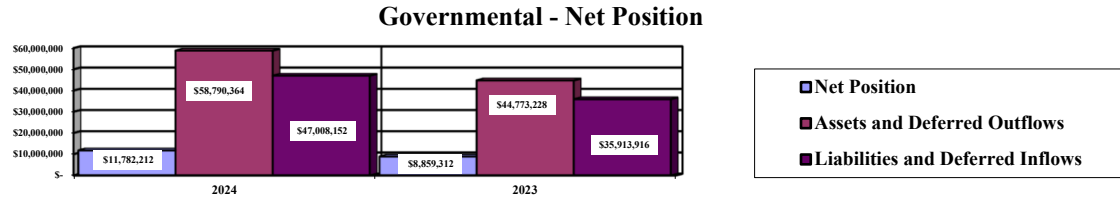
The net pension liability decreased \$133,519 or 0.99% and deferred inflows of resources related to pension decreased \$479,703 or 34.00%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS).

A portion of the District's net position, \$5,173,556, represents resources that are subject to external restriction on how they may be used. In the governmental activities and business-type activities, the remaining balance of unrestricted net position is a deficit of \$3,534,782 and a balance of \$31,966 respectively.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The graphs below show the District's government-wide assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2024 and June 30, 2023.



The table below shows the changes in net position for governmental activities and business-type activities for fiscal years 2024 and 2023.

| | Change in Net Position | | | | | |
|------------------------------------|-------------------------|------------|--------------------------|-----------|------------|------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 791,678 | \$ 891,006 | \$ 60,394 | \$ 54,411 | \$ 852,072 | \$ 945,417 |
| Operating grants and contributions | 1,595,917 | 789,024 | - | - | 1,595,917 | 789,024 |
| Capital grants and contributions | 45,000 | 200,000 | - | - | 45,000 | 200,000 |
| General revenues: | | | | | | |
| Property taxes | 9,406,178 | 7,218,031 | - | - | 9,406,178 | 7,218,031 |
| Income taxes | 3,563,246 | 3,473,001 | - | - | 3,563,246 | 3,473,001 |
| Grants and entitlements | 4,134,974 | 3,957,211 | - | - | 4,134,974 | 3,957,211 |
| Investment earnings | 786,598 | 377,537 | - | - | 786,598 | 377,537 |
| Other | 36,689 | 38,996 | - | - | 36,689 | 38,996 |
| Total revenues | 20,360,280 | 16,944,806 | 60,394 | 54,411 | 20,420,674 | 16,999,217 |

(continued)

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

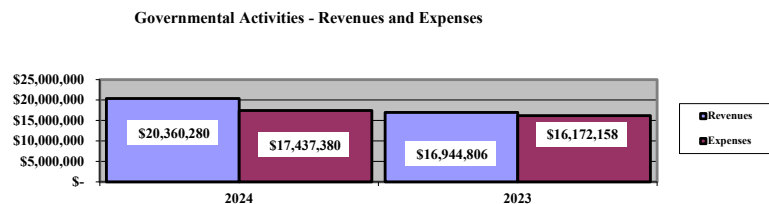
| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|------------------|----------------------|---------------------|
| <u>Expenses</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Program expenses: | | | | | | |
| Instruction: | | | | | | |
| Regular | 7,100,277 | 6,658,669 | - | - | 7,100,277 | 6,658,669 |
| Special | 1,776,510 | 1,880,089 | - | - | 1,776,510 | 1,880,089 |
| Vocational | 42,734 | 26,675 | - | - | 42,734 | 26,675 |
| Other | 123,473 | 122,043 | - | - | 123,473 | 122,043 |
| Support services: | | | | | | |
| Pupil | 1,121,557 | 1,142,809 | - | - | 1,121,557 | 1,142,809 |
| Instructional staff | 361,456 | 390,995 | - | - | 361,456 | 390,995 |
| Board of education | 119,895 | 95,077 | - | - | 119,895 | 95,077 |
| Administration | 1,401,041 | 1,301,101 | - | - | 1,401,041 | 1,301,101 |
| Fiscal | 580,674 | 506,922 | - | - | 580,674 | 506,922 |
| Operations and maintenance | 1,733,982 | 1,388,118 | - | - | 1,733,982 | 1,388,118 |
| Pupil transportation | 1,271,100 | 1,065,405 | - | - | 1,271,100 | 1,065,405 |
| Operation of non-instructional services: | | | | | | |
| Food service operations | 470,109 | 437,778 | - | - | 470,109 | 437,778 |
| Other non-instructional services | 73,720 | 233,606 | - | - | 73,720 | 233,606 |
| Extracurricular activities | 800,106 | 772,593 | - | - | 800,106 | 772,593 |
| Interest and fiscal charges | 460,746 | 150,278 | - | - | 460,746 | 150,278 |
| F.E.E.D. Program | - | - | 64,741 | 46,463 | 64,741 | 46,463 |
| Total expenses | <u>17,437,380</u> | <u>16,172,158</u> | <u>64,741</u> | <u>46,463</u> | <u>17,502,121</u> | <u>16,218,621</u> |
| Changes in net position | 2,922,900 | 772,648 | (4,347) | 7,948 | 2,918,553 | 780,596 |
| Net position | | | | | | |
| at beginning of year | <u>8,859,312</u> | <u>8,086,664</u> | <u>36,313</u> | <u>28,365</u> | <u>8,895,625</u> | <u>8,115,029</u> |
| Net position at end of year | <u>\$ 11,782,212</u> | <u>\$ 8,859,312</u> | <u>\$ 31,966</u> | <u>\$ 36,313</u> | <u>\$ 11,814,178</u> | <u>\$ 8,895,625</u> |

Governmental Activities

Net position of the District's governmental activities increased \$2,922,900 from 2023. During 2024, total governmental expenses of \$17,437,380 were offset by program revenues of \$2,432,595 and general revenues of \$17,927,685. Program revenues supported 13.95% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 84.01% of total governmental revenue. Real estate property is reappraised every six years.

Expenses of the governmental activities increased \$1,265,222 or 7.82% from the prior year. Regular instruction increased \$441,608 or 6.63% and operations and maintenance expenses increased \$345,864 due to increased costs associated with daily operations. Interest and fiscal charges increased as the District issued certificates of participation during the fiscal year.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2024 and 2023.



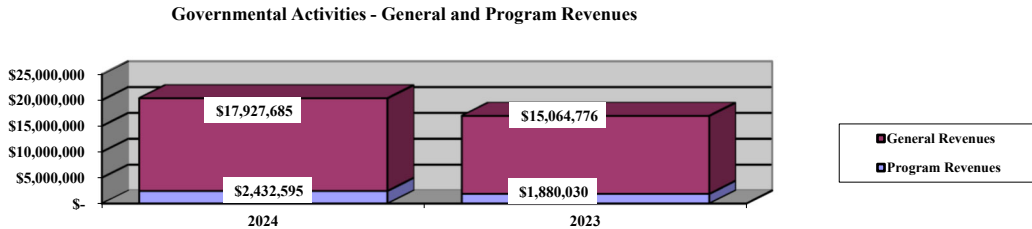
**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2024 and 2023.

| | Total Cost of Services 2024 | Net Cost of Services 2024 | Total Cost of Services 2023 | Net Cost of Services 2023 |
|--|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Program expenses: | | | | |
| Instruction: | | | | |
| Regular | \$ 7,100,277 | \$ 6,783,550 | \$ 6,658,669 | \$ 6,525,040 |
| Special | 1,776,510 | 1,183,530 | 1,880,089 | 1,520,566 |
| Vocational | 42,734 | 28,593 | 26,675 | 13,385 |
| Other | 123,473 | 123,473 | 122,043 | 122,043 |
| Support services: | | | | |
| Pupil | 1,121,557 | 961,468 | 1,142,809 | 1,044,652 |
| Instructional staff | 361,456 | 320,890 | 390,995 | 366,084 |
| Board of education | 119,895 | 119,895 | 95,077 | 95,077 |
| Administration | 1,401,041 | 1,401,041 | 1,301,101 | 1,301,101 |
| Fiscal | 580,674 | 570,808 | 506,922 | 400,657 |
| Operations and maintenance | 1,733,982 | 1,324,076 | 1,388,118 | 1,169,107 |
| Pupil transportation | 1,271,100 | 1,172,828 | 1,065,405 | 1,026,202 |
| Operation of non-instructional services: | | | | |
| Food service operations | 470,109 | 15,547 | 437,778 | (56,510) |
| Other non-instructional services | 73,720 | 48,923 | 233,606 | 141,482 |
| Extracurricular activities | 800,106 | 489,417 | 772,593 | 472,964 |
| Interest and fiscal charges | 460,746 | 460,746 | 150,278 | 150,278 |
| Total expenses | <u>\$ 17,437,380</u> | <u>\$ 15,004,785</u> | <u>\$ 16,172,158</u> | <u>\$ 14,292,128</u> |

The dependence upon tax revenues during fiscal year 2024 for governmental activities is apparent, as 89.78% of instruction activities are supported through taxes and other general revenues. General revenue support for all governmental activities was 86.05% in fiscal year 2024. The graph on the following page presents the District's governmental activities revenues for fiscal years 2024 and 2023.



Business-Type Activities

Business-type activities include the F.E.E.D. Program. This program had operating revenues of \$60,394 and operating expenses of \$64,741 for fiscal year 2024. The District's business-type activities receive no support from tax revenues.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The District's Funds

The District's governmental funds reported a combined fund balance of \$24,933,840, which is more than last year's balance of \$14,295,356. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

| <u>Fund</u> | <u>Fund Balance June 30, 2024</u> | <u>Restated Fund Balance June 30, 2023</u> | <u>Change</u> |
|-----------------------|---------------------------------------|--|----------------------|
| General | \$ 10,135,256 | \$ 10,202,717 | \$ (67,461) |
| Permanent improvement | 1,135,167 | 1,444,427 | (309,260) |
| Building | 11,536,166 | 16,144 | 11,520,022 |
| Other governmental | 2,127,251 | 2,632,068 | (504,817) |
| Total | <u>\$ 24,933,840</u> | <u>\$ 14,295,356</u> | <u>\$ 10,638,484</u> |

General Fund

The District's general fund balance decreased \$67,461 during fiscal year 2024. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

| | <u>2024 Amount</u> | <u>2023 Amount</u> | <u>Increase (Decrease)</u> | <u>Percentage Change</u> |
|------------------------|------------------------|------------------------|--------------------------------|------------------------------|
| <u>Revenues</u> | | | | |
| Taxes | \$ 11,533,658 | \$ 9,385,740 | \$ 2,147,918 | 22.88 % |
| Tuition | 161,799 | 100,353 | 61,446 | 61.23 % |
| Interest earnings | 743,852 | 377,537 | 366,315 | 97.03 % |
| Intergovernmental | 4,373,826 | 4,122,782 | 251,044 | 6.09 % |
| Other revenues | 92,337 | 254,411 | (162,074) | (63.71) % |
| Total | <u>\$ 16,905,472</u> | <u>\$ 14,240,823</u> | <u>\$ 2,664,649</u> | 18.71 % |

| | <u>2024 Amount</u> | <u>2023 Amount</u> | <u>Increase (Decrease)</u> | <u>Percentage Change</u> |
|---|------------------------|------------------------|--------------------------------|------------------------------|
| <u>Expenditures</u> | | | | |
| Instruction | \$ 8,461,785 | \$ 8,190,201 | \$ 271,584 | 3.32 % |
| Support services | 5,588,352 | 5,415,882 | 172,470 | 3.18 % |
| Extracurricular activities | 458,912 | 419,733 | 39,179 | 9.33 % |
| Non-instructional services | 10,908 | 171,363 | (160,455) | (93.63) % |
| Facilities acquisition and construction | 2,426,126 | 47,237 | 2,378,889 | 5,036.07 % |
| Debt Service | 18,164 | 17,666 | 498 | 2.82 % |
| Total | <u>\$ 16,964,247</u> | <u>\$ 14,262,082</u> | <u>\$ 2,702,165</u> | 18.95 % |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Property taxes increased from the prior fiscal year due to increases in property tax valuations during the fiscal year. Income taxes remained constant. Interest earnings increased due to increased interest rates on the District's investments. Other revenues decreased due to the District receiving less revenue in the form of charges for services. Tuition increased due to more open enrollment during fiscal year 2024. Intergovernmental revenues increased due to receiving more from the State of Ohio in the form of foundation payments.

Instruction expenditures increased due to increased regular and special instruction caused by increased costs associated with educating students with special needs and supplies related to regular instruction. Support services expenditures increased due to increased expenditures related to operations and maintenance costs. Non-instructional service expenditures decreased due to less miscellaneous expenditures during fiscal year 2024. Capital outlay expenditures increased due to more expenditures related to a classroom addition. All other expenditures remained comparable to the prior year or changed an insignificant amount.

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 2024, the District amended its general fund budget once. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, original revenues and other financing sources were \$15,483,448 which were \$955,797 less than final budgeted revenues and other financing sources of \$16,439,245. Actual revenues and other financing sources for fiscal year 2024 were \$16,508,013, which is \$68,768 more than final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$17,299,803 were increased to \$17,708,374 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$17,318,520, which is \$389,854 lower than the final appropriations.

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**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2024, the District had \$18,362,727 invested in land, land improvements, buildings/improvements, furniture/equipment, vehicles, and intangible right to use assets. This total amount was reported in governmental activities. The following table shows June 30, 2024 balances compared to June 30, 2023.

**Capital Assets at June 30
(Net of Depreciation)**

| | <u>Governmental Activities</u> | |
|--------------------------------|--------------------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| Land | \$ 289,921 | \$ 289,921 |
| Land improvements | 499,117 | 509,615 |
| Building/improvements | 16,235,018 | 13,052,093 |
| Furniture/equipment | 514,883 | 531,609 |
| Vehicles | 789,934 | 776,073 |
| Intangible right to use assets | <u>33,854</u> | <u>43,301</u> |
| Total | <u>\$ 18,362,727</u> | <u>\$ 15,202,612</u> |

The overall increase in capital assets of \$3,160,115 is due to capital asset additions of \$3,853,095 being more than depreciation/amortization expense of \$692,980.

See Note 9 for more detail.

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**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Debt Administration

At June 30, 2024 the District had \$6,435,000 in general obligation bonds, \$140,000 in energy conservation bonds, \$11,480,000 in certificates of participation, \$34,531 in financed purchase notes payable, and \$35,369 in leases outstanding. Of this total, \$1,015,488 is due within one year and \$17,109,412 is due in greater than one year. The following table summarizes the District's debt obligations outstanding at June 30, 2024 and 2023.

Outstanding Debt, at Year End

| | Governmental Activities 2024 | Governmental Activities 2023 |
|---------------------------------|------------------------------------|------------------------------------|
| Energy conservation loans | \$ 140,000 | \$ 185,000 |
| General obligation bonds | 6,435,000 | 6,945,000 |
| Certificates of participation | 11,480,000 | - |
| Financed purchase notes payable | 34,531 | - |
| Lease payable | <u>35,369</u> | <u>44,317</u> |
| Total | <u>\$ 18,124,900</u> | <u>\$ 7,174,317</u> |

At June 30, 2024 the District's overall legal debt margin was \$29,980,853 with an unvoted debt margin of \$389,840.

See Note 10 for more detail.

Current Financial Related Activities

District funding sources for the district consists mainly of property tax, income tax, and state funding. Funding sources continue to be stable for the district. A substitute levy was renewed for a continuing period of time, providing added stability to future revenues. Local economy continues to be strong with continued residential and commercial growth. The district completed Phase I of a district wide facility capital improvement plan, which included a 6 classroom addition. Phase II of the facility improvement plan began in 2024 for the current high school and middle school. This improvement plan is being funded from a \$11.48 million COPS financing program. Although the state funding system for schools is still not settled and somewhat unknown, the district feels the financial condition should remain stable for the near term. No levies are currently planned for the near future.

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 Mr. Aaron S. Johnson, Treasurer, Fairbanks Local School District, 1258 State Route 38, Milford Center, Ohio 43045.

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**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2024

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets: | | | |
| Equity in pooled cash and cash equivalents | \$ 24,865,824 | \$ 97,191 | \$ 24,963,015 |
| Receivables: | | | |
| Property taxes | 9,512,653 | - | 9,512,653 |
| Income taxes | 1,577,470 | - | 1,577,470 |
| Accrued interest | 1,825 | - | 1,825 |
| Intergovernmental | 131,775 | - | 131,775 |
| Prepayments | 11,931 | 58 | 11,989 |
| Materials and supplies inventory | 303 | - | 303 |
| Inventory held for resale | 913 | - | 913 |
| Restricted cash | 143,674 | - | 143,674 |
| Net OPEB asset | 962,485 | - | 962,485 |
| Capital assets: | | | |
| Nondepreciable capital assets | 289,921 | - | 289,921 |
| Depreciable capital assets, net | 18,072,806 | - | 18,072,806 |
| Capital assets, net | 18,362,727 | - | 18,362,727 |
| Total assets | <u>55,571,580</u> | <u>97,249</u> | <u>55,668,829</u> |
| Deferred outflows of resources: | | | |
| Pension | 2,744,175 | 18,063 | 2,762,238 |
| OPEB | 474,609 | 15,035 | 489,644 |
| Total deferred outflows of resources | <u>3,218,784</u> | <u>33,098</u> | <u>3,251,882</u> |
| Total assets and deferred outflows of resources | <u>58,790,364</u> | <u>130,347</u> | <u>58,920,711</u> |
| Liabilities: | | | |
| Accounts payable | 167,969 | - | 167,969 |
| Contracts payable | 430,544 | - | 430,544 |
| Retainage payable | 143,674 | - | 143,674 |
| Accrued wages and benefits payable | 1,425,896 | - | 1,425,896 |
| Intergovernmental payable | 81,607 | - | 81,607 |
| Pension and post employment benefits payable | 230,492 | - | 230,492 |
| Accrued interest payable | 56,552 | - | 56,552 |
| Long-term liabilities: | | | |
| Due within one year | 1,062,287 | - | 1,062,287 |
| Due in more than one year: | | | |
| Net pension liability | 13,269,996 | 61,046 | 13,331,042 |
| Net OPEB liability | 798,859 | 18,666 | 817,525 |
| Other amounts due in more than one year | 18,443,906 | - | 18,443,906 |
| Total liabilities | <u>36,111,782</u> | <u>79,712</u> | <u>36,191,494</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year | 8,380,706 | - | 8,380,706 |
| Unamortized deferred gain on debt refunding | 84,587 | - | 84,587 |
| Pension | 930,311 | 858 | 931,169 |
| OPEB | 1,500,766 | 17,811 | 1,518,577 |
| Total deferred inflows of resources | <u>10,896,370</u> | <u>18,669</u> | <u>10,915,039</u> |
| Total liabilities and deferred inflows of resources | <u>47,008,152</u> | <u>98,381</u> | <u>47,106,533</u> |
| Net position: | | | |
| Net investment in capital assets | 10,143,438 | - | 10,143,438 |
| Restricted for: | | | |
| Capital projects | 2,102,760 | - | 2,102,760 |
| OPEB | 962,485 | - | 962,485 |
| Debt service | 1,281,233 | - | 1,281,233 |
| State funded programs | 23,967 | - | 23,967 |
| Federally funded programs | 12,318 | - | 12,318 |
| Food service operations | 630,686 | - | 630,686 |
| Student activities | 156,238 | - | 156,238 |
| Other purposes | 3,869 | - | 3,869 |
| Unrestricted (deficit) | (3,534,782) | 31,966 | (3,502,816) |
| Total net position | <u>\$ 11,782,212</u> | <u>\$ 31,966</u> | <u>\$ 11,814,178</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | | Program Revenues | | |
|---|---------------|-----------------------------------|---------------------------------------|-------------------------------------|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| Instruction: | | | | |
| Regular | \$ 7,100,277 | \$ 73,127 | \$ 243,600 | \$ - |
| Special | 1,776,510 | 61,803 | 531,177 | - |
| Vocational | 42,734 | - | 14,141 | - |
| Other | 123,473 | - | - | - |
| Support services: | | | | |
| Pupil | 1,121,557 | 33,076 | 127,013 | - |
| Instructional staff | 361,456 | 7,212 | 33,354 | - |
| Board of education | 119,895 | - | - | - |
| Administration | 1,401,041 | - | - | - |
| Fiscal | 580,674 | 9,866 | - | - |
| Operations and maintenance | 1,733,982 | 12,300 | 397,606 | - |
| Pupil transportation | 1,271,100 | 20,063 | 33,209 | 45,000 |
| Operation of non-instructional services: | | | | |
| Food service operations | 470,109 | 276,176 | 178,386 | - |
| Other non-instructional services | 73,720 | - | 24,797 | - |
| Extracurricular activities | 800,106 | 298,055 | 12,634 | - |
| Interest and fiscal charges | 460,746 | - | - | - |
| Total governmental activities | 17,437,380 | 791,678 | 1,595,917 | 45,000 |
| Business-type activities: | | | | |
| F.E.E.D Program | 64,741 | 60,394 | - | - |
| Totals | \$ 17,502,121 | \$ 852,072 | \$ 1,595,917 | \$ 45,000 |

General revenues:

Property taxes levied for:

 General purposes

 Debt service

Income taxes levied for:

 General purposes

 Capital projects

Grants and entitlements not restricted
to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------------|----------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (6,783,550) | \$ - | \$ (6,783,550) |
| (1,183,530) | - | (1,183,530) |
| (28,593) | - | (28,593) |
| (123,473) | - | (123,473) |
| (961,468) | - | (961,468) |
| (320,890) | - | (320,890) |
| (119,895) | - | (119,895) |
| (1,401,041) | - | (1,401,041) |
| (570,808) | - | (570,808) |
| (1,324,076) | - | (1,324,076) |
| (1,172,828) | - | (1,172,828) |
| (15,547) | - | (15,547) |
| (48,923) | - | (48,923) |
| (489,417) | - | (489,417) |
| (460,746) | - | (460,746) |
| (15,004,785) | - | (15,004,785) |
| - | (4,347) | (4,347) |
| (15,004,785) | (4,347) | (15,009,132) |
| 8,886,801 | - | 8,886,801 |
| 519,377 | - | 519,377 |
| 2,672,434 | - | 2,672,434 |
| 890,812 | - | 890,812 |
| 4,134,974 | - | 4,134,974 |
| 786,598 | - | 786,598 |
| 36,689 | - | 36,689 |
| 17,927,685 | - | 17,927,685 |
| 2,922,900 | (4,347) | 2,918,553 |
| 8,859,312 | 36,313 | 8,895,625 |
| \$ 11,782,212 | \$ 31,966 | \$ 11,814,178 |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

| | | (Formerly Nonmajor) Permanent | (Formerly Nonmajor) Building | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--|---|--|---|
| | General | Improvement | | | |
| Assets: | | | | | |
| Equity in pooled cash and cash equivalents | \$ 9,832,343 | \$ 1,229,405 | \$ 11,536,166 | \$ 2,267,910 | \$ 24,865,824 |
| Receivables: | | | | | |
| Property taxes | 8,984,849 | - | - | 527,804 | 9,512,653 |
| Income taxes | 1,183,102 | 394,368 | - | - | 1,577,470 |
| Accrued interest | 1,825 | - | - | - | 1,825 |
| Intergovernmental | - | - | - | 131,775 | 131,775 |
| Prepayments | 11,688 | - | - | 243 | 11,931 |
| Materials and supplies inventory | - | - | - | 303 | 303 |
| Inventory held for resale | - | - | - | 913 | 913 |
| Due from other funds | 337 | - | - | - | 337 |
| Restricted assets: | | | | | |
| Equity in pooled cash and cash equivalents | - | 143,674 | - | - | 143,674 |
| Total assets | <u>\$ 20,014,144</u> | <u>\$ 1,767,447</u> | <u>\$ 11,536,166</u> | <u>\$ 2,928,948</u> | <u>\$ 36,246,705</u> |
| Liabilities: | | | | | |
| Accounts payable | \$ 46,242 | \$ - | \$ - | \$ 121,727 | \$ 167,969 |
| Contracts payable | - | 430,544 | - | - | 430,544 |
| Retainage payable | - | 143,674 | - | - | 143,674 |
| Accrued wages and benefits payable | 1,326,567 | - | - | 99,329 | 1,425,896 |
| Intergovernmental payable | 80,324 | - | - | 1,283 | 81,607 |
| Pension and post employment benefits payable | 210,930 | - | - | 19,562 | 230,492 |
| Due to other funds | - | - | - | 337 | 337 |
| Total liabilities | <u>1,664,063</u> | <u>574,218</u> | <u>-</u> | <u>242,238</u> | <u>2,480,519</u> |
| Deferred inflows of resources: | | | | | |
| Property taxes levied for the next fiscal year | 7,915,791 | - | - | 464,915 | 8,380,706 |
| Delinquent property tax revenue not available | 124,849 | - | - | 7,473 | 132,322 |
| Income tax revenue not available | 174,185 | 58,062 | - | - | 232,247 |
| Intergovernmental revenue not available | - | - | - | 87,071 | 87,071 |
| Total deferred inflows of resources | <u>8,214,825</u> | <u>58,062</u> | <u>-</u> | <u>559,459</u> | <u>8,832,346</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Materials and supplies inventory | - | - | - | 303 | 303 |
| Prepays | 11,688 | - | - | 243 | 11,931 |
| Restricted: | | | | | |
| Debt service | - | - | - | 1,330,288 | 1,330,288 |
| Capital improvements | - | 1,135,167 | 11,536,166 | - | 12,671,333 |
| Food service operations | - | - | - | 652,549 | 652,549 |
| Non-public schools | - | - | - | 151 | 151 |
| State funded programs | - | - | - | 53,641 | 53,641 |
| Federally funded programs | - | - | - | 12,318 | 12,318 |
| Extracurricular | - | - | - | 156,181 | 156,181 |
| Other purposes | - | - | - | 3,869 | 3,869 |
| Assigned: | | | | | |
| Student instruction | 153,458 | - | - | - | 153,458 |
| Student and staff support | 190,498 | - | - | - | 190,498 |
| Subsequent year's appropriations | 560,627 | - | - | - | 560,627 |
| School supplies | 52,618 | - | - | - | 52,618 |
| Other purposes | 1,914 | - | - | - | 1,914 |
| Unassigned (deficit) | <u>9,164,453</u> | <u>-</u> | <u>-</u> | <u>(82,292)</u> | <u>9,082,161</u> |
| Total fund balances | <u>10,135,256</u> | <u>1,135,167</u> | <u>11,536,166</u> | <u>2,127,251</u> | <u>24,933,840</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 20,014,144</u> | <u>\$ 1,767,447</u> | <u>\$ 11,536,166</u> | <u>\$ 2,928,948</u> | <u>\$ 36,246,705</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

| | | |
|---|--------------|-----------------------------|
| Total governmental fund balances | | \$ 24,933,840 |
| <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. | | 18,362,727 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | | |
| Property taxes receivable | \$ 132,322 | |
| Income taxes receivable | 232,247 | |
| Intergovernmental receivable | 87,071 | |
| Total | | 451,640 |
| Unamortized premiums on bonds issued are not recognized in the funds. | | (636,437) |
| Unamortized amounts on refundings are not recognized in the funds. | | (84,587) |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | | (56,552) |
| 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 | 2,744,175 | |
| Deferred inflows - pension | (930,311) | |
| Net pension liability | (13,269,996) | |
| Deferred outflows - OPEB | 474,609 | |
| Deferred inflows - OPEB | (1,500,766) | |
| Net OPEB asset | 962,485 | |
| Net OPEB liability | (798,859) | |
| Total | | (12,318,663) |
| Long-term liabilities, including bonds, lease, financed purchase, and certificates of participation payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| General obligation bonds | (6,575,000) | |
| Lease payable | (35,369) | |
| Compensated absences | (744,856) | |
| Financed purchase note payable | (34,531) | |
| Certificates of participation | (11,480,000) | |
| Total | | (18,869,756) |
| Net position of governmental activities | | <u><u>\$ 11,782,212</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | General | (Formerly Nonmajor) Permanent Improvement | (Formerly Nonmajor) Building | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|--|------------------------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | | |
| Property taxes | \$ 8,863,176 | \$ - | \$ - | \$ 517,958 | \$ 9,381,134 |
| Income taxes | 2,670,482 | 890,161 | - | - | 3,560,643 |
| Intergovernmental | 4,373,826 | - | - | 1,301,223 | 5,675,049 |
| Investment earnings | 743,852 | - | 42,746 | - | 786,598 |
| Tuition and fees | 161,799 | - | - | - | 161,799 |
| Extracurricular | - | - | - | 298,055 | 298,055 |
| Rental income | 12,300 | - | - | - | 12,300 |
| Charges for services | 9,866 | - | - | 276,176 | 286,042 |
| Contributions and donations | - | - | - | 1,000 | 1,000 |
| Miscellaneous | 70,171 | - | - | 14,792 | 84,963 |
| Total revenues | <u>16,905,472</u> | <u>890,161</u> | <u>42,746</u> | <u>2,409,204</u> | <u>20,247,583</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 6,806,380 | - | - | 230,738 | 7,037,118 |
| Special | 1,486,625 | - | - | 298,126 | 1,784,751 |
| Vocational | 43,322 | - | - | - | 43,322 |
| Other | 125,458 | - | - | - | 125,458 |
| Support services: | | | | | |
| Pupil | 859,572 | - | - | 210,059 | 1,069,631 |
| Instructional staff | 215,652 | - | - | 89,471 | 305,123 |
| Board of education | 120,214 | - | - | - | 120,214 |
| Administration | 1,375,878 | - | - | - | 1,375,878 |
| Fiscal | 579,878 | - | - | 9,589 | 589,467 |
| Operations and maintenance | 1,417,515 | 315,317 | - | 510,455 | 2,243,287 |
| Pupil transportation | 1,019,643 | 87,100 | - | 55,053 | 1,161,796 |
| Operation of non-instructional services: | | | | | |
| Food service operations | - | - | - | 468,508 | 468,508 |
| Other non-instructional services | 10,908 | - | - | 21,761 | 32,669 |
| Extracurricular activities | 458,912 | - | - | 333,734 | 792,646 |
| Facilities acquisition and construction | 2,426,126 | 797,004 | - | - | 3,223,130 |
| Debt service: | | | | | |
| Principal retirement | 16,692 | - | - | 555,000 | 571,692 |
| Interest and fiscal charges | 1,472 | - | - | 182,488 | 183,960 |
| Certificate of participation issuance costs | - | - | 279,147 | - | 279,147 |
| Total expenditures | <u>16,964,247</u> | <u>1,199,421</u> | <u>279,147</u> | <u>2,964,982</u> | <u>21,407,797</u> |
| Excess of revenues under expenditures | <u>(58,775)</u> | <u>(309,260)</u> | <u>(236,401)</u> | <u>(555,778)</u> | <u>(1,160,214)</u> |
| Other financing sources (uses): | | | | | |
| Premium on certificate of participation | - | - | 276,423 | - | 276,423 |
| Proceeds of certificate of participation | - | - | 11,480,000 | - | 11,480,000 |
| Transfers in | - | - | - | 55,643 | 55,643 |
| Transfers (out) | (50,961) | - | - | (4,682) | (55,643) |
| Financed purchase transaction | 42,275 | - | - | - | 42,275 |
| Total other financing sources (uses) | <u>(8,686)</u> | <u>-</u> | <u>11,756,423</u> | <u>50,961</u> | <u>11,798,698</u> |
| Net change in fund balances | (67,461) | (309,260) | 11,520,022 | (504,817) | 10,638,484 |
| Fund balances at beginning of year, as previously reported | 10,202,717 | - | - | 4,092,639 | 14,295,356 |
| Adjustment - changes from nonmajor fund to major fund | - | 1,444,427 | 16,144 | (1,460,571) | - |
| Fund balances at beginning of year (as adjusted) | <u>10,202,717</u> | <u>1,444,427</u> | <u>16,144</u> | <u>2,632,068</u> | <u>14,295,356</u> |
| Fund balances at end of year | <u>\$ 10,135,256</u> | <u>\$ 1,135,167</u> | <u>\$ 11,536,166</u> | <u>\$ 2,127,251</u> | <u>\$ 24,933,840</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION 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, 2024

Net change in fund balances - total governmental funds \$ 10,638,484

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation/amortization expense.

| | | |
|--|--------------|------------------|
| Capital asset additions | \$ 3,853,095 | |
| Current year depreciation/amortization | (692,980) | |
| Total | | 3,160,115 |

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the funds.

| | | |
|-------------------|--------|----------------|
| Property taxes | 25,044 | |
| Income taxes | 2,603 | |
| Intergovernmental | 85,050 | |
| Total | | 112,697 |

Repayment of bond and lease principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities
on the statement of net position.

| | | |
|---------------------------------|---------|----------------|
| General obligation bonds | 555,000 | |
| Financed purchase notes payable | 7,744 | |
| Lease payable | 8,948 | |
| Total | | 571,692 |

Issuance of certificates of participation and financed purchases are recorded as other financing
sources in the funds; however, in the statement of activities, they are
not reported as revenue as they increase liabilities
on the statement of net position.

(11,522,275)

Premiums on certificates of participation are amortized over the life of the issuance in the
statement of activities.

(276,423)

In the statement of activities, interest is accrued on outstanding bonds,
whereas in governmental funds, an interest expenditure is reported
when due. The following items resulted in additional interest being
reported in the statement of activities:

| | | |
|--|----------|--------------|
| (Increase) in accrued interest payable | (41,221) | |
| Amortization of bond premiums | 35,530 | |
| Amortization of deferred charges | 8,052 | |
| Total | | 2,361 |

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

| | | |
|--------------|-----------|------------------|
| Pension | 1,235,709 | |
| OPEB | 32,274 | |
| Total | | 1,267,983 |

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

| | | |
|--------------|-------------|------------------|
| Pension | (1,079,014) | |
| OPEB | 127,255 | |
| Total | | (951,759) |

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.

(79,975)

| | | |
|--|---------------------|--|
| Change in net position of governmental activities | \$ 2,922,900 | |
|--|---------------------|--|

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

| | Nonmajor Enterprise Fund |
|---|---|
| Assets: | |
| Current assets: | |
| Equity in pooled cash and cash equivalents | \$ 97,191 |
| Prepayments | 58 |
| Total current assets | <u>97,249</u> |
| Deferred outflows of resources: | |
| Pension | 18,063 |
| OPEB | 15,035 |
| Total deferred outflows of resources | <u>33,098</u> |
| Liabilities: | |
| Long-term liabilities: | |
| Net pension liability | 61,046 |
| Net OPEB liability | 18,666 |
| Total long-term liabilities | <u>79,712</u> |
| Total liabilities | <u>79,712</u> |
| Deferred inflows of resources: | |
| Pension | 858 |
| OPEB | 17,811 |
| Total deferred inflows of resources | <u>18,669</u> |
| Net position: | |
| Unrestricted | <u>31,966</u> |
| Total net position | <u><u>\$ 31,966</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Nonmajor Enterprise Fund |
|---|---|
| Operating revenues: | |
| Tuition and fees | \$ 60,394 |
| Operating expenses: | |
| Personal services | 56,077 |
| Materials and supplies | 7,018 |
| Other | 1,646 |
| Total operating expenses | 64,741 |
| Operating (loss) / change in net position | (4,347) |
| Net position at beginning of year | 36,313 |
| Net position at end of year | \$ 31,966 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Nonmajor Enterprise Fund |
|---|---|
| Cash flows from operating activities: | |
| Cash received from tuition and fees | \$ 60,394 |
| Cash payments for personal services | (56,144) |
| Cash payments for materials and supplies | (7,018) |
| Cash payments for other expenses | (1,646) |
| | <hr/> |
| Net cash used in operating activities | (4,414) |
| | <hr/> |
| Net (decrease) in cash and cash equivalents | (4,414) |
| Cash and cash equivalents at beginning of year | 101,605 |
| Cash and cash equivalents at end of year | <u><u>\$ 97,191</u></u> |
| Reconciliation of operating (loss) to net cash used in operating activities: | |
| Operating loss | \$ (4,347) |
| Changes in assets and liabilities: | |
| (Increase) in deferred outflows - pension | (4,953) |
| (Increase) in deferred outflows - OPEB | (7,188) |
| (Increase) in Prepayments | (18) |
| Increase in Net Pension Liability | 10,000 |
| Increase in Net OPEB Liability | 5,136 |
| (Decrease) in deferred inflows - pension | (2,845) |
| (Decrease) in deferred inflows - OPEB | (199) |
| | <hr/> |
| Net cash used in operating activities | <u><u>\$ (4,414)</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2024

| | <u>Private-Purpose Trust</u> |
|---|----------------------------------|
| | <u>Scholarship</u> |
| Assets: | |
| Equity in pooled cash and cash equivalents | <u>\$ 73,656</u> |
| Net position: | |
| Restricted for individuals, organizations and other governments | <u>73,656</u> |
| Total net position | <u><u>\$ 73,656</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | <u>Private-Purpose Trust</u> |
|--|----------------------------------|
| | <u>Scholarship</u> |
| Additions: | |
| Earnings on investments | \$ 1,915 |
| Deductions: | |
| Scholarships awarded | 500 |
| Change in net position | 1,415 |
| Net position at beginning of year | <u>\$ 72,241</u> |
| Net position at end of year | <u><u>\$ 73,656</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Fairbanks Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The District employs 82 certified employees and 38 non-certified employees to provide services to approximately 1,094 students. The District cooperates with the Educational Service Center of Central Ohio, a separate entity, for curricular services.

The District provides regular and special instruction. The District also provides support services for pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

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 no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Tolles Career & Technical Center (TCTC)

TCTC is a distinct political subdivision of the State of Ohio operated under the direction of a board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Tolles Career and Technical Center, Tammy Woods, Treasurer, at 7877 U.S. Highway 42 S, Plain City, Ohio 43064.

INSURANCE PURCHASING POOLS

Ohio School Comp Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Comp Workers' Compensation Group Rating Plan (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or its designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The firm of Sedgwick provides administrative, cost control and actuarial service to the GRP. Refer to Note 11.B. for further information on this group rating plan.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds focus 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 are the District's major governmental funds:

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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Permanent Improvement fund - The permanent improvement fund receives taxes restricted for the payment of capital improvement projects for the District.

Building fund - The building fund received money restricted for the payment of projects related to the certificates of participation issued in FY24.

Other governmental funds of the District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor debt service funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 where the determination of net income is necessary or useful to sound financial administration. The following is the District's only proprietary fund:

Nonmajor Enterprise Fund - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has one nonmajor enterprise fund to account for the Fairbanks Elementary Extended Day Program (F.E.E.D. Program).

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is 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 custodial funds. The District reports a private-purpose trust fund which accounts for scholarship programs for students.

C. Basis of Presentation and 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the 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.

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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. For the District, these revenues are sales for the F.E.E.D Program and expenses incurred in operating the F.E.E.D Program. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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 on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, income 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 and revenue from income taxes is recognized in the year in which the income is earned. 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, income taxes, interest, tuition and grants.

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 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, 2024, but which were levied to finance fiscal year 2025 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 and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

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 year is reported in the operating statement as an expense with a like amount reported as intergovernmental revenue.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except custodial). The specific timetable for fiscal year 2024 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for tax rate determination. The Union County Budget Commission waived this requirement for fiscal year 2024.
3. Prior to 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 a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. 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 as the original and final budgeted revenue amount in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2024.
4. By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations 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.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, increased or decreased the original appropriated amounts. All supplemental appropriations included were legally enacted by the Board during fiscal year 2024.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements may not legally exceed budgeted appropriations at the fund level.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

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 cash equivalents" on the financial statements.

During fiscal year 2024, investments were limited to non-negotiable certificates of deposit, STAR Ohio, Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, U.S. Treasury Notes, U.S. Treasury Bills, Commercial Paper, and U.S. Government Money Market Mutual funds. Nonparticipating investment contracts, such as non-negotiable certificates of deposit are reported at cost.

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.

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 statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$743,852 which includes \$367,738 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the 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.

G. Inventory

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

Inventory consists of donated food and purchased food.

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. The District maintains a capitalization threshold of \$5,000. Donated capital assets are recorded at their acquisition value. The District does not possess any infrastructure. 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. Interest incurred during the construction of capital assets is not capitalized.

All reported capital assets, except land, 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> |
|--------------------------|--|
| Land improvements | 5 - 50 years |
| Buildings/improvements | 20 - 75 years |
| Furniture/equipment | 5 - 20 years |
| Intangible leased assets | 5 years |
| Vehicles | 10 -15 years |

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds". These amounts are eliminated in the governmental column of the statement of net position.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date 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 20 years of service 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, 2024 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee’s retirement/resignation has been incurred by fiscal year end. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. 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 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, 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 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.

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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

M. Net Position

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

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

N. Parochial Schools

Within the District boundaries, St. John Lutheran School operated as a private school. Current State legislation provides funding to parochial schools. During fiscal year 2023 the state made a change that allows for the money for St. John Lutheran School to be received directly. The District continues to manage certain federal grants for the School.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

O. Estimates

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

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. 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. Neither type of transaction occurred during fiscal year 2024.

R. Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

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

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.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow or deferred inflow of resources on the statement of net position.

On the governmental fund financial statements, bond premiums and discounts are recognized in the current period. A reconciliation between the bond's face value and the amount reported on the statement of net position is presented in Note 10.

S. Pensions/OPEB

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense (gain), 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

T. Fair Value Measurements

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.

U. 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 amount is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At the fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the assets.

V. Restricted Assets – Cash for Retainage

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”, GASB Statement No. 100, “*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*” and Implementation Guide No. 2023-1.

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 balances previously report by the District.

GASB Statement No. 99 is 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.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The effects of the implementation of GASB Statement No. 100 are presented on the financial statements of the District. The District’s Permanent Improvement and Building Fund’s presentation changed from nonmajor to major.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2024 included the following individual fund deficits:

| <u>Nonmajor governmental funds</u> | <u>Deficit</u> |
|------------------------------------|----------------|
| ESSER | \$ 60,236 |
| IDEA Part B | 22,056 |

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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 bankers' (acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At June 30, 2024, the District had \$2,245 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all District deposits was \$118,108 and the bank balance of all District deposits was \$695,645. Of the bank balance, \$695,645 was covered by the FDIC.

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's 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. 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2024, the District had the following investment and maturity:

| Measurement/ Investment type | Measurement Value | 6 months or less | Investment Maturity | | |
|---------------------------------|----------------------|----------------------|------------------------|--------------------|---------------------------|
| | | | 7 to 12 months | 13 to 24 months | Greater than 24 months |
| FHLB | \$ 98,072 | \$ - | \$ 98,072 | \$ - | \$ - |
| FFCB | 242,796 | - | - | 242,796 | - |
| US Treasury Notes | 244,448 | - | - | 194,430 | 50,018 |
| US Treasury Bills | 99,884 | 99,884 | - | - | - |
| Commercial Paper | 242,350 | - | 242,350 | - | - |
| US Money Market | 249,500 | 249,500 | - | - | - |
| <i>Amortized cost:</i> | | | | | |
| STAR Ohio | <u>23,882,942</u> | <u>23,882,942</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 25,059,992</u> | <u>\$ 24,232,326</u> | <u>\$ 340,422</u> | <u>\$ 437,226</u> | <u>\$ 50,018</u> |

For the District, the weighted average maturity of investments is 0.05 days.

As reported in Note 2F, STAR Ohio is reported at its share price. The District's investment in the money market fund is valued using quoted market prices in active markets (Level 1 inputs). The District's investments in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), U.S. Treasury Notes, U.S. Treasury Bills, and Commercial Paper are valued using quoted prices in markets that are not considered to be active, dealer quotations, or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio and the money market 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 District's investments in FHLB are rated AAA and Aaa by Standard and Poor's and Moody's Investor services respectively. The District's investments in FFCB are rated AA+ and Aaa by Standard and Poor's and Moody's Investor services respectively. The District's investments in U.S. Treasury Notes are rated AA+ and Aaa by Standard and Poor's and Moody's Investor services respectively. The District's investments in U.S. Treasury Bills are rated A-1+ and P-1 by Standard and Poor's and Moody's Investor services respectively. The District's investments in Commercial Papers are rated A-1+ and P-1 by Standard and Poor's and Moody's Investor services respectively.

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 District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no 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, 2024:

| <u>Measurement/ Investment type</u> | <u>Measurement Value</u> | <u>% of Total</u> |
|---|------------------------------|-------------------|
| FHLB | \$ 98,072 | 0.39 |
| FFCB | 242,796 | 0.97 |
| US Treasury Notes | 244,448 | 0.98 |
| US Treasury Bills | 99,884 | 0.40 |
| Commercial Paper | 242,350 | 0.97 |
| US Money Market | 249,500 | 1.00 |
| <i>Amortized cost:</i> | | |
| STAR Ohio | <u>23,882,942</u> | <u>95.30</u> |
| Total | <u>\$ 25,059,992</u> | <u>100</u> |

D. 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 above to cash and investments as reported on the statement of net position as of June 30, 2024:

Cash and investments per note

| | |
|-----------------------------|----------------------|
| Carrying amount of deposits | \$ 118,108 |
| Investments | 25,059,992 |
| Cash on hand | <u>2,245</u> |
| Total | <u>\$ 25,180,345</u> |

Cash and investments per statement of net position

| | |
|-----------------------------|----------------------|
| Governmental activities | \$ 25,009,498 |
| Business-type activities | 97,191 |
| Private-purpose trust funds | <u>73,656</u> |
| Total | <u>\$ 25,180,345</u> |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 - INTERFUND TRANSACTIONS

A. Due to/from other funds consisted of the following at June 30, 2024, as reported on the fund statements:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------------|---------------|
| General fund | Nonmajor governmental funds | \$ 337 |

The primary purpose of the interfund balances is to cover temporary cash deficits at June 30, 2024 due to advance spending of approved grant monies. 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. Transfers for the year ended June 30, 2024 consisted of the following as reported on the fund financial statements:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|-----------------------------|------------------------|-------------------------|
| General fund | \$ - | \$ 50,961 |
| Nonmajor governmental funds | 55,643 | 4,682 |
| Total | <u>\$ 55,643</u> | <u>\$ 55,643</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, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

Interfund transactions between governmental funds are eliminated on the government-wide financial statements, therefore, no transfers are reported on the Statement of Activities.

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. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, 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 2024 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Union and Madison Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available as an advance at June 30, 2024 and 2023 were:

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|---------------------------|----------------------|----------------------|
| Major governmental funds: | | |
| General fund | \$ 944,209 | \$ 702,012 |
| Bond retirement fund | 55,416 | 40,803 |

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, 2024 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 2024 taxes were collected are:

| | 2023 Second Half Collections | | 2024 First Half Collections | |
|---|---------------------------------|----------------|--------------------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/residential and other real estate | \$ 356,939,630 | 97.06 | \$ 378,252,860 | 97.03 |
| Public utility personal | <u>10,820,800</u> | <u>2.94</u> | <u>11,586,750</u> | <u>2.97</u> |
| Total | <u>\$ 367,760,430</u> | <u>100.00</u> | <u>\$ 389,839,610</u> | <u>100.00</u> |

Tax rate per \$1,000 of assessed valuation for:

| | | |
|---------|----------|----------|
| General | \$ 37.20 | \$ 37.20 |
| Bond | 1.50 | 1.50 |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2024 consisted of property taxes, income taxes, intergovernmental grants and entitlements, interfund, and accrued interest. 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 list of the items of receivables reported on the statement of net position follows:

Governmental activities:

| | |
|-------------------|-----------------------------|
| Property Taxes | \$ 9,512,653 |
| Income Taxes | 1,577,470 |
| Intergovernmental | 131,775 |
| Accrued interest | <u>1,825</u> |
| Total | <u><u>\$ 11,223,723</u></u> |

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

NOTE 8 - INCOME TAXES

The District levies a voted income tax of 1.00%, .75% for operating and .25% for permanent improvements on the income of residents and on estates for general operations of the District. The .75% for operations was passed in November 1989 and is a continuing levy. The .25% is a five-year permanent improvements levy passed in May 2006. The .25% permanent improvement levy was renewed during fiscal year 2016 through December 31, 2026. Employers of residents are required to withhold income tax on employee compensation and then remit that income tax to the State of Ohio, and taxpayers are required to file an annual return. The State of Ohio makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds.

Income tax revenue is credited to the general fund in the amount of \$2,670,482 and permanent improvement fund in the amount of \$890,161 for fiscal year 2024.

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**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

| | Balance <u>06/30/23</u> | <u>Additions</u> | <u>Disposals</u> | Balance <u>06/30/24</u> |
|--|----------------------------|---------------------|------------------|----------------------------|
| Governmental activities: | | | | |
| <i>Capital assets, not being depreciated/amortized:</i> | | | | |
| Land | \$ 289,921 | \$ - | \$ - | \$ 289,921 |
| Total capital assets, not being depreciated/amortized | <u>289,921</u> | <u>-</u> | <u>-</u> | <u>289,921</u> |
| <i>Capital assets, being depreciated/amortized:</i> | | | | |
| Land improvements | 1,592,960 | 32,220 | - | 1,625,180 |
| Buildings and improvements | 20,499,341 | 3,644,503 | - | 24,143,844 |
| Furniture and equipment | 1,542,273 | 55,900 | - | 1,598,173 |
| Vehicles | 1,728,373 | 120,472 | (56,989) | 1,791,856 |
| Intangible right to use: | | | | |
| Leased equipment | <u>47,237</u> | <u>-</u> | <u>-</u> | <u>47,237</u> |
| Total capital assets, being depreciated/amortized | <u>25,410,184</u> | <u>3,853,095</u> | <u>(56,989)</u> | <u>29,206,290</u> |
| <i>Less: accumulated depreciation/amortization:</i> | | | | |
| Land improvements | (1,083,345) | (42,718) | - | (1,126,063) |
| Buildings and improvements | (7,447,248) | (461,578) | - | (7,908,826) |
| Furniture and equipment | (1,010,664) | (72,626) | - | (1,083,290) |
| Vehicles | (952,300) | (106,611) | 56,989 | (1,001,922) |
| Intangible right to use: | | | | |
| Leased equipment | <u>(3,936)</u> | <u>(9,447)</u> | <u>-</u> | <u>(13,383)</u> |
| Total accumulated depreciation/amortization | <u>(10,497,493)</u> | <u>(692,980)</u> | <u>56,989</u> | <u>(11,133,484)</u> |
| Total capital assets, being depreciated/ amortized, net | <u>14,912,691</u> | <u>3,160,115</u> | <u>-</u> | <u>18,072,806</u> |
| Governmental activities capital assets, net | <u>\$ 15,202,612</u> | <u>\$ 3,160,115</u> | <u>\$ -</u> | <u>\$ 18,362,727</u> |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 9 - CAPITAL ASSETS – (Continued)

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

Instruction:

| | |
|---------|------------|
| Regular | \$ 210,341 |
| Special | 26,127 |

Support services:

| | |
|---|--------------------------|
| Pupil | 44,073 |
| Instructional staff | 62,252 |
| Administration | 46,105 |
| Operations and maintenance | 127,846 |
| Pupil Transportation | 106,269 |
| Operational of non-instructional services | 43,545 |
| Extracurricular | 21,717 |
| Food service operations | <u>4,705</u> |
| Total depreciation/amortization expense | <u><u>\$ 692,980</u></u> |

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**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations activity for fiscal year 2024 follows:

| | Balance Outstanding <u>June 30, 2023</u> | <u>Additions</u> | <u>Reductions</u> | Balance Outstanding <u>June 30, 2024</u> | Amounts Due in <u>One Year</u> |
|---|--|----------------------|---------------------|--|--------------------------------------|
| Governmental activities: | | | | | |
| General Obligation Bonds: | | | | | |
| <u>Series 2011 Energy Conservation Bonds:</u> | | | | | |
| Current interest term bonds | \$ 185,000 | \$ - | \$ (45,000) | \$ 140,000 | \$ 45,000 |
| <u>Series 2019 Refunding Bonds:</u> | | | | | |
| Current interest serial bonds | <u>6,945,000</u> | <u>-</u> | <u>(510,000)</u> | <u>6,435,000</u> | <u>520,000</u> |
| Total G.O. Bonds | <u>7,130,000</u> | <u>-</u> | <u>(555,000)</u> | <u>6,575,000</u> | <u>565,000</u> |
| Lease payable | 44,317 | - | (8,948) | 35,369 | 9,239 |
| Certificates of participation | - | 11,480,000 | - | 11,480,000 | 435,000 |
| Financed purchase note payable | - | 42,275 | (7,744) | 34,531 | 6,249 |
| Net pension liability | 13,413,515 | 20,174 | (163,693) | 13,269,996 | - |
| Net OPEB liability | 687,141 | 111,718 | - | 798,859 | - |
| Compensated absences: | | | | | |
| Severance | 713,842 | 29,521 | (45,306) | 698,057 | - |
| Vacation leave | <u>37,891</u> | <u>8,908</u> | <u>-</u> | <u>46,799</u> | <u>46,799</u> |
| Total compensated absences | <u>751,733</u> | <u>38,429</u> | <u>(45,306)</u> | <u>744,856</u> | <u>46,799</u> |
| Total | 22,026,706 | 11,692,596 | (780,691) | 32,938,611 | 1,062,287 |
| Add: unamortized premium on bonds | <u>395,544</u> | <u>276,423</u> | <u>(35,530)</u> | <u>636,437</u> | <u>-</u> |
| Total on statement of net position | <u>\$ 22,422,250</u> | <u>\$ 11,969,019</u> | <u>\$ (816,221)</u> | <u>\$ 33,575,048</u> | <u>\$ 1,062,287</u> |
| Business-type activities: | | | | | |
| Net pension liability | \$ 51,046 | \$ 10,000 | \$ - | \$ 61,046 | \$ - |
| Net OPEB liabilities | <u>13,530</u> | <u>5,136</u> | <u>-</u> | <u>18,666</u> | <u>-</u> |
| Total on statement of net position | <u>\$ 64,576</u> | <u>\$ 15,136</u> | <u>\$ -</u> | <u>\$ 79,712</u> | <u>\$ -</u> |

Compensated absences

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

Leases Payable - The District has entered into a lease agreement for the use of right to use equipment. The District will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease payments will be paid from the general fund. The District has entered into a lease agreements for copier with the following terms:

| <u>Purpose</u> | Lease Commencement Date | Years | Lease End Date | Payment Method |
|------------------|-------------------------------|-------|----------------------|-------------------|
| Copier Equipment | 2023 | 5 | 2028 | Monthly |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2025 | \$ 9,239 | \$ 997 | \$ 10,236 |
| 2026 | 9,539 | 697 | 10,236 |
| 2027 | 9,849 | 387 | 10,236 |
| 2028 | <u>6,742</u> | <u>81</u> | <u>6,823</u> |
| Total | <u>\$ 35,369</u> | <u>\$ 2,162</u> | <u>\$ 37,531</u> |

Net pension liability

See Note 12 for further information on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB liability/asset

See Note 13 for further information on the District's net OPEB liability/asset. The District pays obligations related to employee compensation from the fund benefitting from their service.

Series 2011 Energy Conservation Improvement Bonds

On September 27, 2011, the District issued \$570,000 in current interest term bonds and capital appreciation bonds, par value \$5,000 (federally taxable qualified school construction bonds). The proceeds of these bonds were used for building improvements intended to increase the energy efficiency of the District's buildings. These bonds bear an annual interest rate between 1.10% and 3.6% and are scheduled to mature in fiscal year 2027. Payments of principal and interest relating to these liabilities are recorded as expenditures in the bond retirement fund. The balance of these bonds at June 30, 2024 in the amount of \$140,000 has been included on the statement of net position.

The capital appreciation bonds matured on December 1, 2018, (stated interest 31.174%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds was \$40,000.

| <u>Fiscal Year</u> | <u>Current Interest Bonds</u> | | |
|------------------------|-------------------------------|-----------------|-------------------|
| <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 45,000 | \$ 4,113 | \$ 49,113 |
| 2026 | 45,000 | 2,537 | 47,537 |
| 2027 | <u>50,000</u> | <u>875</u> | <u>50,875</u> |
| Total | <u>\$ 140,000</u> | <u>\$ 7,525</u> | <u>\$ 147,525</u> |

Series 2019 Refunding General Obligation Bonds - On October 16, 2019, the District issued general obligation bonds (Series 2019 Refunding Bonds) to current refund the callable portion of the Series 2012 Current Interest Refunding Bonds (principal \$8,305,000; interest rate of 2.00% to 3.00%). Issuance proceeds of \$8,394,151 were used to purchase securities which were placed in an irrevocable trust to provide resources for the debt service payment due on December 1, 2019 when the refunded debt was called. The Series 2012 Refunding bonds have been defeased and removed from the statement of net position.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of current interest bonds, par value \$8,005,000. The interest rate on the current interest bonds range from 2.00% to 4.00%.

The net carrying amount of the old debt (including unamortized premiums and unamortized deferred charges removed upon refunding) exceeded the reacquisition price by \$122,163. This deferred gain on refunding is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized portion of the deferred gain is reported as a deferred inflow on the statement of net position. The refunding was undertaken to reduce future debt service payments by \$383,119 resulting in a current economic gain of \$327,357.

Payments of principal and interest relating to the Series 2019 refunding bonds are recorded as expenditures in the bond retirement fund. Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2034.

Principal and interest requirements to retire the general obligation bonds are as follows:

| Fiscal Year Ending June 30, | Current Interest Bonds | | |
|--------------------------------|------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2025 | \$ 520,000 | \$ 166,500 | \$ 686,500 |
| 2026 | 530,000 | 156,000 | 686,000 |
| 2027 | 535,000 | 145,350 | 680,350 |
| 2028 | 550,000 | 134,500 | 684,500 |
| 2029 | 560,000 | 120,600 | 680,600 |
| 2030 - 2034 | 3,070,000 | 336,000 | 3,406,000 |
| 2035 | 670,000 | 10,050 | 680,050 |
| Total | <u>\$ 6,435,000</u> | <u>\$ 1,069,000</u> | <u>\$ 7,504,000</u> |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Certificates of Participation (COPS), Series 2024

On June 4, 2024, the District issued certificates of participation in the amount of \$11,480,000 for the purpose of construction, enlarging and other improvement, furnishing and equipping of the Districts buildings and facilities. Interest rates on the current interest bonds range from 4.000-4.625% with interest payments due on December 1 of each year until final maturity at December 1, 2053. The debt will be retired through the building fund. The certificates of participation had unspent proceeds of \$11,200,853 at June 30, 2024. The District passed the 0.25% permanent improvement levy that is being used to pay the COPS debt. This debt is paid out of the permanent improvement fund.

Principal and interest requirements to retire certificates of participation outstanding at June 30, 2024 are as follows:

| <u>Fiscal Year Ending,</u> | <u>Certificates of Participation</u> | | |
|--------------------------------|--------------------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 435,000 | \$ 518,247 | \$ 953,247 |
| 2026 | 180,000 | 510,324 | 690,324 |
| 2027 | 190,000 | 501,074 | 691,074 |
| 2028 | 200,000 | 491,324 | 691,324 |
| 2029 | 210,000 | 481,076 | 691,076 |
| 2030 - 2034 | 1,220,000 | 2,232,876 | 3,452,876 |
| 2035 - 2039 | 1,555,000 | 1,887,750 | 3,442,750 |
| 2040 - 2044 | 1,980,000 | 1,460,313 | 3,440,313 |
| 2045 - 2049 | 2,455,000 | 979,745 | 3,434,745 |
| 2050 -2054 | 3,055,000 | 363,812 | 3,418,812 |
| Total | <u>\$ 11,480,000</u> | <u>\$ 9,426,541</u> | <u>\$ 20,906,541</u> |

Financed purchase note payable

The School District entered into a financed purchase note payable for a paint robot. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in fiscal year 2024 totaled \$7,744. The payments are paid from the general fund.

Principal and interest requirements to retire the financed purchase note payables outstanding at June 30, 2024, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Financed purchase note payable</u> | | |
|---------------------------------------|---|-----------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 6,249 | \$ 1,727 | \$ 7,976 |
| 2026 | 6,562 | 1,414 | 7,976 |
| 2027 | 6,890 | 1,086 | 7,976 |
| 2028 | 7,234 | 742 | 7,976 |
| 2029 | 7,596 | 380 | 7,976 |
| Total | <u>\$ 34,531</u> | <u>\$ 5,349</u> | <u>\$ 39,880</u> |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

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, 2024, are a voted debt margin of \$29,980,853 (including available funds of \$1,330,288), an unvoted debt margin of \$389,840, and an unvoted energy conservation debt margin of \$3,368,556.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

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. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through the Ohio School Plan.

General liability insurance is maintained in the amount of \$3,000,000 for each occurrence and \$5,000,000 in the aggregate. Employee benefits liability is maintained in the amount of \$3,000,000 for each occurrence and \$5,000,000 in the aggregate. In addition, \$2,000,000 in excess coverage to the above amounts is further maintained.

The District maintains fleet insurance in the amount of \$3,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$45,988,660. Property insurance also includes \$1,000,000 additional expense coverage.

Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Worker's Compensation

The District participates in a group retrospective rating plan (GRP) for workers' compensation as established under Section 4123-17-73 of the Ohio Administrative Code. The Ohio SchoolComp Group Retrospective Rating Plan was established through the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). The Executive Directors of the OSBA and OASBO, or their designees, serve as coordinators of the group retrospective rating program. Each year, the participating school districts pay an enrollment fee to the program to cover the costs of the administering the program. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP.

The firm of Sedgwick provides administrative, cost control and actuarial services to the GRP.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - RISK MANAGEMENT –(Continued)

C. Employee Medical Insurance

The District has established limited risk health, dental and life insurance programs for its employees. The District is a member of the Southwestern Ohio Educational Purchasing Council Insurance Consortium. Upon payment of the premium, the risk of loss transfers to the Consortium.

United Health, a third party administrator, services all medical claims submitted by employees. EPC of Southwestern Ohio, a third party administrator, services all dental claims submitted by employees

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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 bases of accounting.

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. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA, is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$265,444 for fiscal year 2024. Of this amount, \$24,351 is reported as pension and postemployment benefits payable.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. 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 34 years of service credit at any age.

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 11.09% 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. The remaining 2.91% 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$976,326 for fiscal year 2024. Of this amount, \$173,152 is reported as pension and postemployment benefits payable.

Net 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, 2023, 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 | 0.048874800% | 0.048677330% | |
| Proportion of the net pension liability current measurement date | <u>0.048388300%</u> | <u>0.049488600%</u> | |
| Change in proportionate share | <u>-0.000486500%</u> | <u>0.000811270%</u> | |
| Proportionate share of the net pension liability | \$ 2,673,703 | \$ 10,657,339 | \$ 13,331,042 |
| Pension expense | \$ 226,544 | \$ 860,733 | \$ 1,087,277 |

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | SERS | STRS | Total |
|---|-------------------|---------------------|---------------------|
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | \$ 114,921 | \$ 388,543 | \$ 503,464 |
| Changes of assumptions | 18,940 | 877,689 | 896,629 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 10,690 | 109,685 | 120,375 |
| Contributions subsequent to the measurement date | <u>265,444</u> | <u>976,326</u> | <u>1,241,770</u> |
| Total deferred outflows of resources | <u>\$ 409,995</u> | <u>\$ 2,352,243</u> | <u>\$ 2,762,238</u> |
| | SERS | STRS | Total |
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | \$ - | \$ 23,649 | \$ 23,649 |
| Net difference between projected and actual earnings on pension plan investments | 37,584 | 31,939 | 69,523 |
| Changes of assumptions | - | 660,648 | 660,648 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | <u>23,494</u> | <u>153,855</u> | <u>177,349</u> |
| Total deferred inflows of resources | <u>\$ 61,078</u> | <u>\$ 870,091</u> | <u>\$ 931,169</u> |

\$1,241,770 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, 2025.

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: | | | |
| 2025 | \$ 19,252 | \$ (172,894) | \$ (153,642) |
| 2026 | (106,743) | (377,539) | (484,282) |
| 2027 | 168,974 | 1,085,988 | 1,254,962 |
| 2028 | <u>1,990</u> | <u>(29,729)</u> | <u>(27,739)</u> |
| Total | <u>\$ 83,473</u> | <u>\$ 505,826</u> | <u>\$ 589,299</u> |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

Wage inflation:

| | |
|--------------------------|-------|
| Current measurement date | 2.40% |
|--------------------------|-------|

Future salary increases, including inflation:

| | |
|--------------------------|-----------------|
| Current measurement date | 3.25% to 13.58% |
|--------------------------|-----------------|

COLA or ad hoc COLA:

| | |
|--------------------------|--|
| Current measurement date | 2% on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |
|--------------------------|--|

Investment rate of return:

| | |
|--------------------------|------------------------------|
| Current measurement date | 7.00% net of system expenses |
|--------------------------|------------------------------|

Discount rate:

| | |
|--------------------------|-------|
| Current measurement date | 7.00% |
|--------------------------|-------|

Actuarial cost method

Entry age normal (level percent of payroll)

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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|----------------------|---|
| Cash | 2.00 % | 0.75 % |
| US Equity | 24.75 | 4.82 |
| Non-US Equity Developed | 13.50 | 5.19 |
| Non-US Equity Emerging | 6.75 | 5.98 |
| Fixed Income/Global Bonds | 19.00 | 2.24 |
| Private Equity | 12.00 | 7.49 |
| Real Estate/Real Assets | 17.00 | 3.70 |
| Private Debt/Private Credit | 5.00 | 5.64 |
| Total | 100.00 % | |

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

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 | \$ 3,946,249 | \$ 2,673,703 | \$ 1,601,825 |

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in June 30, 2023, actuarial valuation are presented below:

| | |
|-----------------------------------|--|
| Inflation | 2.50% |
| Projected salary increases | Varies by service from 2.50% to 8.50% |
| Investment rate of return | 7.00%, net of investment expenses, including inflation |
| Discount rate of return | 7.00% |
| Payroll increases | 3.00% |
| Cost-of-living adjustments (COLA) | 0.00% |

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 Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 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' 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 | 1.00 | 1.00 |
| Total | <u>100.00 %</u> | |

* Final target weights reflected at 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' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. 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, 2023.

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, 2023, 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 | \$ 16,388,629 | \$ 10,657,339 | \$ 5,810,236 |

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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis. Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, 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 2024, this amount was \$30,000. 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 2024, the District's surcharge obligation was \$33,028.

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 \$33,028 for fiscal year 2024. Of this amount, \$33,028 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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. 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, 2024, STRS did not allocate any employer contributions to post-employment health care.

Net 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, 2023, 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|---|----------------------|---------------------|--------------|
| Proportion of the net OPEB liability/asset prior measurement date | 0.049905000% | 0.048677330% | |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.049623800%</u> | <u>0.049488600%</u> | |
| Change in proportionate share | <u>-0.000281200%</u> | <u>0.000811270%</u> | |
| Proportionate share of the net OPEB liability | \$ 817,525 | \$ - | \$ 817,525 |
| Proportionate share of the net OPEB asset | \$ - | \$ (962,485) | \$ (962,485) |
| OPEB expense | \$ (103,316) | \$ (25,436) | \$ (128,752) |

At June 30, 2024, 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 | \$ 1,702 | \$ 1,501 | \$ 3,203 |
| Net difference between projected and actual earnings on OPEB plan investments | 6,340 | 1,715 | 8,055 |
| Changes of assumptions | 276,429 | 141,790 | 418,219 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 14,451 | 12,688 | 27,139 |
| Contributions subsequent to the measurement date | <u>33,028</u> | <u>-</u> | <u>33,028</u> |
| Total deferred outflows of resources | <u>\$ 331,950</u> | <u>\$ 157,694</u> | <u>\$ 489,644</u> |
| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | \$ 421,628 | \$ 146,805 | \$ 568,433 |
| Changes of assumptions | 232,185 | 635,034 | 867,219 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | <u>79,270</u> | <u>3,655</u> | <u>82,925</u> |
| Total deferred inflows of resources | <u>\$ 733,083</u> | <u>\$ 785,494</u> | <u>\$ 1,518,577</u> |

\$33,028 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, 2025.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

| | SERS | STRS | Total |
|-----------------------------|---------------------|---------------------|-----------------------|
| Fiscal Year Ending June 30: | | | |
| 2025 | \$ (140,189) | \$ (271,526) | \$ (411,715) |
| 2026 | (128,005) | (129,085) | (257,090) |
| 2027 | (83,247) | (50,118) | (133,365) |
| 2028 | (48,967) | (67,493) | (116,460) |
| 2029 | (30,632) | (61,804) | (92,436) |
| Thereafter | (3,121) | (47,774) | (50,895) |
| Total | <u>\$ (434,161)</u> | <u>\$ (627,800)</u> | <u>\$ (1,061,961)</u> |

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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, 2023 are presented below:

| | |
|--|---|
| Wage inflation: | |
| Current measurement date | 2.40% |
| Future salary increases, including inflation: | |
| Current measurement date | 3.25% to 13.58% |
| Investment rate of return: | |
| Current measurement date | 7.00% net of investment expense, including inflation |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Fiduciary Net Position is Projected to be Depleted | 2048 |
| Municipal bond index rate: | |
| Current measurement date | 3.86% |
| Prior measurement date | 3.69% |
| Single equivalent interest rate, net of plan investment expense, including price inflation: | |
| Current measurement date | 4.27% |
| Prior measurement date | 4.08% |
| Medical trend assumption: | |
| Current measurement date | 6.75 to 4.40% |
| Prior measurement date | 7.00 to 4.40% |

In 2023, the following mortality assumptions were used:

Healthy Retirees - 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.

Disabled Retirees - 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.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 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 (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The 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. As of June 30, 2023:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|----------------------|---|
| Cash | 2.00 % | 0.75 % |
| US Equity | 24.75 | 4.82 |
| Non-US Equity Developed | 13.50 | 5.19 |
| Non-US Equity Emerging | 6.75 | 5.98 |
| Fixed Income/Global Bonds | 19.00 | 2.24 |
| Private Equity | 12.00 | 7.49 |
| Real Estate/Real Assets | 17.00 | 3.70 |
| Private Debt/Private Credit | 5.00 | 5.64 |
| Total | 100.00 % | |

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. 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 is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 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 was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| District's proportionate share of the net OPEB liability | \$ 1,045,031 | \$ 817,525 | \$ 638,127 |
| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
| District's proportionate share of the net OPEB liability | \$ 600,607 | \$ 817,525 | \$ 1,104,970 |

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> |
|--------------------------------------|---|---|
| Inflation | 2.50% | 2.50% |
| Projected salary increases | Varies by service from 2.50% to 8.50% | Varies by service from 2.50% to 8.50% |
| 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 |
| Medical | | |
| Pre-Medicare | 7.50% | 4.14% |
| Medicare | -10.94% | 4.14% |
| Prescription Drug | | |
| Pre-Medicare | -11.95% | 4.14% |
| Medicare | 1.33% | 4.14% |

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

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Healthy retirees 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.

Actuarial assumptions used in the June 30, 2023 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' 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> | |

* Final target weights reflected at 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' 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, 2023. The projection of cash flows used to determine the discount rate assumed STRS 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, 2023. 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, 2023.

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, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|-------------|--------------------------|--------------|
| District's proportionate share of the net OPEB asset | \$ 814,617 | \$ 962,485 | \$ 1,091,262 |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|---|--------------------|-------------------------------|--------------------|
| District's proportionate share of the net OPEB asset | \$ 1,097,237 | \$ 962,485 | \$ 800,178 |

NOTE 14 - 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 material litigation as either plaintiff or defendant.

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 and Workforce (ODEW) 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. ODEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the District; Additional adjustments were not significant.

NOTE 15 - 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, 2023 | \$ - |
| Current year set-aside requirement | 232,619 |
| Current year offsets | <u>(232,619)</u> |
| Total | <u>\$ -</u> |
| Balance carried forward to fiscal year 2025 | <u>\$ -</u> |
| Set-aside balance June 30, 2024 | <u>\$ -</u> |

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 16 - 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</u> | <u>Year-End Encumbrances</u> |
|-----------------------|----------------------------------|
| General | \$ 316,261 |
| Permanent improvement | 509,710 |
| Other governmental | <u>32,615</u> |
| Total | <u>\$ 858,586</u> |

NOTE 17 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property owners under the Enterprise Zone Agreements ("EZAs") program within the taxing districts of the District. The EZA 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, Union County and Millcreek Township have entered into an EZA. Under this agreement, the District's property taxes have not been reduced. The District is not receiving any amounts from these other governments in association with the forgone property tax revenue.

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

NOTE 19 – SUBSEQUENT EVENTS

The Board approved the Schematic Design and Design Development Estimates for the High School and Middle School Project of \$8,657,849. The project is to be completed by Elford, Inc.

The Board approves the preliminary budget of \$2,571,809 for the athletic improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|---------------------|----------------------------|---------------------------------------|
| | Original | Final | Budgetary Basis | |
| Budgetary revenues and other financing sources | \$ 15,483,448 | \$ 16,439,245 | \$ 16,508,013 | \$ 68,768 |
| Budgetary expenditures and other financing uses | 17,299,803 | 17,708,374 | 17,318,520 | 389,854 |
| Net change in fund balance | (1,816,355) | (1,269,129) | (810,507) | 458,622 |
| Budgetary fund balance at beginning of year | 9,906,854 | 9,906,854 | 9,906,854 | - |
| Prior year encumbrances appropriated | 299,090 | 299,090 | 299,090 | - |
| Budgetary fund balance at end of year | <u>\$ 8,389,589</u> | <u>\$ 8,936,815</u> | <u>\$ 9,395,437</u> | <u>\$ 458,622</u> |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| Fiscal Year (1) | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|----------------------------|---|--|---|---|---|
| 2024 | 0.04838830% | \$ 2,673,703 | \$ 1,942,386 | 137.65% | 76.06% |
| 2023 | 0.04887480% | \$ 2,643,529 | \$ 1,962,593 | 134.70% | 75.82% |
| 2022 | 0.04896700% | \$ 1,806,740 | \$ 1,695,500 | 106.56% | 82.86% |
| 2021 | 0.05071200% | \$ 3,354,199 | \$ 1,703,471 | 196.90% | 68.55% |
| 2020 | 0.05264230% | \$ 3,149,681 | \$ 1,822,622 | 172.81% | 70.85% |
| 2019 | 0.05238910% | \$ 3,000,421 | \$ 1,603,585 | 187.11% | 71.36% |
| 2018 | 0.05025990% | \$ 3,002,918 | \$ 1,713,650 | 175.24% | 69.50% |
| 2017 | 0.05063590% | \$ 3,706,081 | \$ 1,685,843 | 219.84% | 62.98% |
| 2016 | 0.04846240% | \$ 2,765,312 | \$ 1,458,968 | 189.54% | 69.16% |
| 2015 | 0.04826100% | \$ 2,442,462 | \$ 1,402,359 | 174.17% | 71.70% |

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------------------------|---|--|---|---|---|
| 2024 | \$ 265,444 | \$ (265,444) | \$ - | \$ 1,896,029 | 14.00% |
| 2023 | \$ 271,934 | (271,934) | - | 1,942,386 | 14.00% |
| 2022 | \$ 274,763 | (274,763) | - | 1,962,593 | 14.00% |
| 2021 | \$ 237,370 | (237,370) | - | 1,695,500 | 14.00% |
| 2020 | \$ 238,486 | (238,486) | - | 1,703,471 | 14.00% |
| 2019 | \$ 246,054 | (246,054) | - | 1,822,622 | 13.50% |
| 2018 | \$ 216,484 | (216,484) | - | 1,603,585 | 13.50% |
| 2017 | \$ 239,911 | (239,911) | - | 1,713,650 | 14.00% |
| 2016 | \$ 236,018 | (236,018) | - | 1,685,843 | 14.00% |
| 2015 | \$ 192,292 | (192,292) | - | 1,458,968 | 13.18% |

(1) 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

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| Fiscal Year (1) | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|----------------------------|---|--|---|---|---|
| 2024 | 0.04948860% | \$ 10,657,339 | \$ 6,785,200 | 157.07% | 80.02% |
| 2023 | 0.04867733% | \$ 10,821,032 | \$ 6,292,171 | 171.98% | 78.88% |
| 2022 | 0.04877566% | \$ 6,236,407 | \$ 6,127,314 | 101.78% | 87.78% |
| 2021 | 0.04929938% | \$ 11,928,696 | \$ 5,886,750 | 202.64% | 75.48% |
| 2020 | 0.05057781% | \$ 11,184,979 | \$ 5,994,314 | 186.59% | 77.40% |
| 2019 | 0.04922832% | \$ 10,824,202 | \$ 5,625,600 | 192.41% | 77.31% |
| 2018 | 0.04753937% | \$ 11,293,079 | \$ 5,289,971 | 213.48% | 75.30% |
| 2017 | 0.04552957% | \$ 15,240,119 | \$ 4,870,386 | 312.91% | 66.80% |
| 2016 | 0.04397864% | \$ 12,154,410 | \$ 4,621,864 | 262.98% | 72.10% |
| 2015 | 0.04383762% | \$ 10,662,826 | \$ 4,478,992 | 238.06% | 74.70% |

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------------------------|---|--|---|---|---|
| 2024 | \$ 976,326 | \$ (976,326) | \$ - | \$ 6,973,757 | 14.00% |
| 2023 | \$ 949,928 | (949,928) | - | 6,785,200 | 14.00% |
| 2022 | \$ 880,904 | (880,904) | - | 6,292,171 | 14.00% |
| 2021 | \$ 857,824 | (857,824) | - | 6,127,314 | 14.00% |
| 2020 | \$ 824,145 | (824,145) | - | 5,886,750 | 14.00% |
| 2019 | \$ 839,204 | (839,204) | - | 5,994,314 | 14.00% |
| 2018 | \$ 787,584 | (787,584) | - | 5,625,600 | 14.00% |
| 2017 | \$ 740,596 | (740,596) | - | 5,289,971 | 14.00% |
| 2016 | \$ 681,854 | (681,854) | - | 4,870,386 | 14.00% |
| 2015 | \$ 647,061 | (647,061) | - | 4,621,864 | 14.00% |

(1) 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

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

| Fiscal Year (1) (2) | District's Proportion of the Net OPEB Liability | District's Proportionate Share of the Net OPEB Liability | District's Covered Payroll | District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|--------------------------------|--|---|---|--|--|
| 2024 | 0.04962380% | \$ 817,525 | \$ 1,942,386 | 42.09% | 30.02% |
| 2023 | 0.04990500% | \$ 700,671 | \$ 1,962,593 | 35.70% | 30.34% |
| 2022 | 0.05027700% | \$ 951,533 | \$ 1,695,500 | 56.12% | 24.08% |
| 2021 | 0.05251840% | \$ 1,141,397 | \$ 1,703,471 | 67.00% | 18.17% |
| 2020 | 0.05367630% | \$ 1,349,846 | \$ 1,822,622 | 74.06% | 15.57% |
| 2019 | 0.05282570% | \$ 1,465,528 | \$ 1,603,585 | 91.39% | 13.57% |
| 2018 | 0.05083790% | \$ 1,364,356 | \$ 1,713,650 | 79.62% | 12.46% |
| 2017 | 0.05116364% | \$ 1,458,353 | \$ 1,685,843 | 86.51% | 11.49% |

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------------------------|---|--|---|---|---|
| 2024 | \$ 33,028 | \$ (33,028) | \$ - | \$ 1,896,029 | 1.74% |
| 2023 | \$ 35,370 | (35,370) | - | 1,942,386 | 1.82% |
| 2022 | \$ 32,233 | (32,233) | - | 1,962,593 | 1.64% |
| 2021 | \$ 31,309 | (31,309) | - | 1,695,500 | 1.85% |
| 2020 | \$ 33,241 | (33,241) | - | 1,703,471 | 1.95% |
| 2019 | \$ 40,602 | (40,602) | - | 1,822,622 | 2.23% |
| 2018 | \$ 35,122 | (35,122) | - | 1,603,585 | 2.19% |
| 2017 | \$ 26,948 | (26,948) | - | 1,713,650 | 1.57% |
| 2016 | \$ 25,244 | (25,244) | - | 1,685,843 | 1.50% |
| 2015 | \$ 35,873 | (35,873) | - | 1,458,968 | 2.46% |

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

| Fiscal Year (1) (2) | District's Proportion of the Net OPEB Liability/(Asset) | District's Proportionate Share of the Net OPEB Liability/(Asset) | District's Covered Payroll | District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset) |
|--------------------------------|--|---|---|--|--|
| 2024 | 0.04948860% | \$ (962,485) | \$ 6,785,200 | 14.19% | 168.52% |
| 2023 | 0.04867733% | \$ (1,260,418) | \$ 6,292,171 | 20.03% | 230.73% |
| 2022 | 0.04877566% | \$ (1,028,395) | \$ 6,127,314 | 16.78% | 174.73% |
| 2021 | 0.04929938% | \$ (866,436) | \$ 5,886,750 | 14.72% | 182.10% |
| 2020 | 0.05057781% | \$ (837,690) | \$ 5,994,314 | 13.97% | 174.74% |
| 2019 | 0.04922832% | \$ (791,049) | \$ 5,625,600 | 14.06% | 176.00% |
| 2018 | 0.04753937% | \$ 1,854,811 | \$ 5,289,971 | 35.06% | 47.10% |
| 2017 | 0.04552957% | \$ 2,434,933 | \$ 4,870,386 | 49.99% | 37.30% |

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------------------------|---|--|---|---|---|
| 2024 | \$ - | \$ - | \$ - | \$ 6,973,757 | 0.00% |
| 2023 | - | - | - | 6,785,200 | 0.00% |
| 2022 | - | - | - | 6,292,171 | 0.00% |
| 2021 | - | - | - | 6,127,314 | 0.00% |
| 2020 | - | - | - | 5,886,750 | 0.00% |
| 2019 | - | - | - | 5,994,314 | 0.00% |
| 2018 | - | - | - | 5,625,600 | 0.00% |
| 2017 | - | - | - | 5,289,971 | 0.00% |
| 2016 | - | - | - | 4,870,386 | 0.00% |
| 2015 | - | - | - | 4,621,864 | 0.00% |

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - BUDGETARY PROCESS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (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 revenue, 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); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

| | <u>General fund</u> |
|---|---------------------------|
| Budget basis | \$ (810,507) |
| Net adjustment for revenue accruals | 306,788 |
| Net adjustment for expenditure accruals | 86,511 |
| Net adjustment for other sources/uses | (8,686) |
| Funds budgeted elsewhere | (5,447) |
| Adjustments for encumbrances | <u>363,880</u> |
| GAAP Basis | <u><u>\$ (67,461)</u></u> |

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the special trust fund, uniform school supplies fund, public school support fund, and rotary fund.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- 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%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- 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.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- 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.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.

Changes in assumptions:

- 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: 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%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change 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.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change 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%.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- 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 went 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%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate went from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change 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.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- 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.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Federal Assistance Listing Number | Pass Through Entity Identifying Number | Total Federal Expenditures |
|---|--|---|---------------------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through Ohio Department of Education and Workforce</i> | | | |
| Child Nutrition Cluster: | | | |
| Cash Assistance: | | | |
| School Breakfast Program | 10.553 | N/A | \$ 20,118 |
| National School Lunch Program | 10.555 | N/A | 118,994 |
| Non-Cash Assistance (Food Distribution) | 10.555 | N/A | 36,104 |
| Total Child Nutrition Cluster: | | | <u>175,216</u> |
| Total Child Nutrition Cluster and U.S. Department of Agriculture | | | <u>175,216</u> |
| UNITED STATES DEPARTMENT OF TREASURY | | | |
| <i>Passed Through Ohio Facilities Construction Commission</i> | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Grants | 21.027 | N/A | 134,164 |
| <i>Passed Through Darby Township</i> | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | 20,393 |
| Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds | | | <u>154,557</u> |
| Total U.S. Department of the Treasury | | | <u>154,557</u> |
| UNITED STATES DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through Ohio Department of Education and Workforce</i> | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | 59,942 |
| Total Title I Grants | | | <u>59,942</u> |
| Special Education Cluster (IDEA): | | | |
| Special Education - Grants to States | 84.027 | N/A | 254,547 |
| COVID 19 - Special Education - American Rescue Plan IDEA B | 84.027X | N/A | 8,475 |
| Special Education - Preschool Grants | 84.173 | N/A | 4,594 |
| Total Special Education Cluster (IDEA) | | | <u>267,616</u> |
| Supporting Effective Instruction State Grants | 84.367 | N/A | 16,146 |
| Title IV-A Student Support and Academic Enrichment | 84.424 | N/A | 12,200 |
| Education Stabilization Fund: | | | |
| COVID-19 Education Stabilization Fund | 84.425D | N/A | 6,146 |
| COVID-19 Education Stabilization Fund | 84.425U | N/A | 571,149 |
| Total Education Stabilization Fund | | | <u>577,295</u> |
| Total U.S. Department of Education | | | <u>933,199</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,262,972</u> |

N/A - pass through entity number not available.

The accompanying notes are an integral part of this schedule.

**FAIRBANKS LOCAL SCHOOL DISTRICT
UNION COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fairbanks Local School District, Union County, Ohio (the District) under programs of the federal government for the year ended June 30, 2024. 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 and Workforce's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2024 to 2025 programs:

| <u>Program Title</u> | <u>AL Number</u> | <u>Amt. Transferred</u> |
|--|------------------|-----------------------------|
| Title I Grants to Local Educational Agencies | 84.010 | \$ 4,716 |
| Special Education Grants to States | 84.027 | \$ 25,992 |
| Special Education - Preschool Grants | 84.173 | \$ 5 |
| Title II A Supporting Effective Instruction State Grants | 84.367 | \$ 13,018 |
| Title IV-A Student Support and Academic Enrichment | 84.424 | \$ 1,477 |

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

Independent Auditor's Report

Board of Education
Fairbanks Local School District
11158 SR38
Milford Center, Ohio 43045

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, each major fund, and the aggregate remaining fund information of Fairbanks Local School District, Union County, Ohio (the District) as of and for the year ended June 30, 2024, 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 19, 2025.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a material weakness.

Fairbanks Local School District

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

Page 2

Report on Compliance and Other Matters

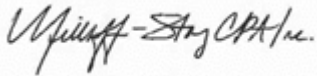
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 19, 2025

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Education
Fairbanks Local School District
11158 SR38
Milford Center, Ohio 43045

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fairbanks Local School District's, Union County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024.

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 the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to 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 the 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

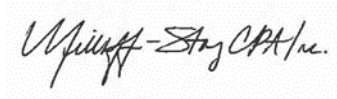
Fairbanks Local School District

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 3

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

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

A handwritten signature in black ink, reading "Millhuff-Stang CPA, Inc.", is positioned above a light gray rectangular stamp. The signature is written in a cursive, flowing style.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 19, 2025

Fairbanks Local School District
Union County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Fiscal Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

| | |
|--|--|
| <i>Financial Statements</i> | |
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | Yes |
| Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |
| <i>Federal Awards</i> | |
| Internal control over major program(s): | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of auditor’s report issued on compliance for major programs: | Unmodified |
| Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| Identification of major program(s): | COVID-19 Education Stabilization Fund, AL #84.425D & AL #84.425U |
| Dollar threshold used to distinguish between type A and type B programs: | Type A: >\$750,000 Type B: all others |
| Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings

Finding 2024-001 – Material Weakness – Financial Reporting

A monitoring system by the District should be in place to prevent or detect misstatements for the fair presentation of the District’s financial statements. During testing we identified an overstatement of contracts payable and related expenses and an understatement of retainage payable in the permanent improvement fund. These misstatements resulted in an overstatement of capital assets on the government-wide statement and in the notes to the financial statements. Additionally, we noted unrecorded restricted cash related to retainage; understated property taxes receivable and related deferred inflows of resources; and errors in classification of net position. Further, changes were proposed to the schedule of expenditures of federal awards and related notes. We deemed these misstatements and changes to be material, therefore correction was posted to the financial statements. In addition, we identified an overstatement of deferred inflows for property taxes levied for the next fiscal year and an understatement of related property tax revenue for the general and debt service funds. We also identified disbursements improperly classified as instruction staff that should have been operations and maintenance in nonmajor governmental funds. These errors were deemed to be immaterial by auditors and management, therefore correction was waived. We recommend the District discuss these issues with its compilation consultant and implement additional procedures to ensure the risk of misstatement in the financial statements and schedule of expenditures of federal awards is mitigated.

Section III – Federal Award Findings and Questioned Costs

None



Corrective Action Plan

2 CFR Section 200.511 (c)

For the Fiscal Year ended June 30th, 2024

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact |
|----------------|---|-----------------------------|---------------------|
| 2024-001 | Will work with compiler to correct these issues going forward. Cost/benefit should be considered as the statements and especially these findings are not used in any decision making. | March 26, 2025 | Aaron Johnson |

OHIO AUDITOR OF STATE KEITH FABER



FAIRBANKS LOCAL SCHOOL DISTRICT

UNION 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 6/3/2025

65 East State 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