

Rating: Moody's Aa3
See "RATING" herein.

NEW ISSUE BOOK-ENTRY FORM ONLY

*In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2010A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Series 2010B Bonds is **not** excluded from gross income for federal income tax purposes; and (iii) interest on and any profit made on the sale, exchange or other disposition of the Bonds is exempt from certain taxes levied by the State of Ohio and its political subdivisions. The School District has designated the Series 2010A Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code. For a more complete discussion of the tax aspects, see "TAX MATTERS."*



OFFICIAL STATEMENT

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

\$217,134.65
**School Facilities Construction and
Improvement Bonds, Series 2010A**
(General Obligation – Unlimited Tax)

\$53,975,000
**School Facilities Construction and
Improvement Bonds, Series 2010B**
(Federal Taxable – Build America Bonds – Direct Payment)
(General Obligation – Unlimited Tax)

Dated: Date of Delivery

Due: December 1, as shown on the inside cover

The Bonds are voted general obligation debt of the Findlay City School District, Hancock County, Ohio (the "School District"), and the full faith, credit and revenue of the School District are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SCHOOL DISTRICT'S GENERAL OBLIGATION DEBT" herein.

Interest on the Current Interest Bonds will be payable at the respective rates shown on the inside cover herein on June 1 and December 1 of each year beginning June 1, 2010 to the Bondholders of record as of the record dates described in the Bond Resolution (as defined herein). The Capital Appreciation Bonds will bear interest, compounded semiannually, from the date of their issuance, but such interest will be payable only at maturity.

Principal of the Bonds will be payable at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., Cleveland, Ohio, as registrar, paying agent and transfer agent for the Bonds.

The Bonds will be issuable as fully registered bonds without coupons in the denominations set forth herein. The Bonds will be issuable under a book-entry only method and registered in the name of The Depository Trust Company ("DTC") or its nominee. There will be no physical delivery of the Bonds to the ultimate purchasers. The Underwriter has satisfied the requirements of DTC for the Bonds to be eligible for its book-entry services. See "BOOK-ENTRY ONLY SYSTEM" herein.

Current Interest Bonds maturing after December 1, 2019 will be subject to optional redemption prior to stated maturity, as set forth herein. Bonds maturing December 1, 2029 and December 1, 2037 will be subject to mandatory sinking fund redemption prior to stated maturity as set forth herein. See "THE BONDS – Redemption Provisions" herein. The Series 2010B Bonds will be subject to extraordinary optional redemption prior to stated maturity as set forth herein. See "THE BONDS – Redemption Provisions" herein.

The School District has irrevocably designated the Series 2010B Bonds as Build America Bonds under Section 54AA of the Code and irrevocably elected under Section 54AA(g) to receive a credit from the United States Department of the Treasury equal to 35% of the stated interest paid on the Series 2010B Bonds as provided in Section 6431 of the Code. See "THE BONDS – Designation of Bonds as Build America Bonds" herein.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice.

Certain legal matters relating to the issuance of the Bonds are subject to the approving opinion of Bricker & Eckler LLP, Bond Counsel, Columbus, Ohio. See "LEGAL MATTERS" and "TAX MATTERS" herein. Certain legal matters will be passed upon for the Underwriter by their counsel, Squire, Sanders & Dempsey LLP, Cleveland, Ohio.

This cover page contains certain information for general reference only. It is not a summary of the provisions of the Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This Official Statement has been prepared by the Findlay City School District in connection with the original offering for sale by it of the Bonds. It is expected that delivery of the Bonds in definitive form will be made through DTC on or about February 4, 2010. The date of this Official Statement is January 21, 2010, and the information herein speaks only as of that date.

**STIFEL
NICOLAUS**

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

\$217,134.65
School Facilities Construction and
Improvement Bonds, Series 2010A
(General Obligation – Unlimited Tax)

\$53,975,000
School Facilities Construction and
Improvement Bonds, Series 2010B
(Federal Taxable – Build America Bonds – Direct Payment)
(General Obligation – Unlimited Tax)

\$217,134.65
SERIES 2010A CAPITAL APPRECIATION BONDS

<u>Year</u>	<u>Original Principal Amount</u>	<u>Maturity Amount</u>	<u>Stated Interest Rate</u>	<u>Original Principal Per \$5,000 Maturity Amount</u>	<u>Initial Offering Price to Public per \$5,000 Maturity Amount</u>	<u>Approx. Initial Offering Yield at Maturity</u>	<u>CUSIP⁺</u>
2017	\$217,134.65	\$965,000	20.00%	\$1,125.05	\$3,764.55	3.660%	317747 DB 6

\$22,390,000
SERIES 2010B SERIAL BONDS

<u>Year</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP⁺</u>
2010	\$ 850,000	0.950%	100.00%	317747 DR 1
2011	900,000	1.200	100.00	317747 DD 2
2012	1,130,000	1.750	100.00	317747 DS 9
2013	1,205,000	2.300	100.00	317747 DT 7
2014	1,220,000	3.050	100.00	317747 DU 4
2015	1,245,000	3.600	100.00	317747 DE 0
2016	1,395,000	4.100	100.00	317747 DF 7
2017	470,000	4.300	100.00	317747 DV 2
2018	1,450,000	4.550	100.00	317747 DG 5
2019	1,555,000	4.700	100.00	317747 DH 3
2020	1,600,000	4.850	100.00	317747 DJ 9
2021	1,650,000	5.000	100.00	317747 DK 6
2022	1,835,000	5.150	100.00	317747 DL 4
2023	1,895,000	5.300	100.00	317747 DM 2
2024	1,960,000	5.450	100.00	317747 DN 0
2025	2,030,000	5.600	100.00	317747 DW 0

\$8,930,000
**6.000% SERIES 2010B TERM BONDS MATURING DECEMBER 1, 2029, PRICE 100.00%,
CUSIP 317747 DP 5⁺**

\$22,655,000
**6.250% SERIES 2010B TERM BONDS MATURING DECEMBER 1, 2037, PRICE 100.00%,
CUSIP 317747 DQ 3⁺**

⁺ The School District is not responsible for the use of the CUSIP numbers referenced herein nor is any representation made by the School District as to their correctness; such CUSIP numbers are included solely for the convenience of the readers of the Official Statement.

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

\$217,134.65
**School Facilities Construction and
Improvement Bonds, Series 2010A**
(General Obligation – Unlimited Tax)

\$53,975,000
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BOARD OF EDUCATION

Richard Hoffman
President

Barbara Lockard
Vice President

Barbara Dysinger
Member

Jeffery Shrader
Member

Shane Pochard
Member

DISTRICT ADMINISTRATION

Dr. Dean Wittwer
Superintendent

Michael Barnhart
Treasurer

PROFESSIONAL SERVICES

Stifel, Nicolaus & Company, Incorporated
Underwriter

Bricker & Eckler LLP
Bond Counsel

The Bank of New York Mellon Trust Company, N.A.
Paying Agent/Bond Registrar

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the \$217,134.65 School Facilities Construction and Improvement Bonds, Series 2010A (the “Series 2010A Bonds”), and the \$53,975,000 School Facilities Construction and Improvement Bonds, Series 2010B (Federal Taxable – Build America Bonds – Direct Payment) (the “Series 2010B Bonds,” and together with the Series 2010A Bonds, the “Bonds”) of the Findlay City School District, Hancock County, Ohio (the “School District”) identified on the cover hereof. No person has been authorized by the School District to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the School District. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth herein has been obtained from the School District and other sources that are believed to be reliable for purposes of this Official Statement. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions or that they will be realized. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date hereof.

Certain information in this official statement is attributed to the Ohio Municipal Advisory Council (“OMAC”). OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guarantee its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED BY THE SCHOOL DISTRICT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAW OF ANY STATE, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS ANY OTHER FEDERAL, STATE, MUNICIPAL OR OTHER GOVERNMENTAL ENTITY OR AGENCY, EXCEPT THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT, PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE BONDS FOR SALE. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

INVESTMENT CONSIDERATIONS

General

The Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the market for taxable and tax-exempt obligations or changes in the financial position of the School District.

It is possible under certain market conditions, or if the financial condition of the School District should change, that the market price of the Bonds could be adversely affected. With regard to the risk involved in a downward revision or withdrawal of the rating for the Bonds shown on the cover hereof, see “RATING” herein.

With regard to the risk involved in a loss of the exclusion from gross income for purposes of federal income taxation of interest payable on the Series 2010A Bonds, see “TAX MATTERS” herein.

Prospective purchasers of the Bonds should consult their own tax advisors prior to any purchase of the Bonds as to the impact of the Internal Revenue Code of 1986, as amended (the “Code”), upon their acquisition, holding or disposition of the Bonds.

Investment Suitability and Market Volatility of Capital Appreciation Bonds

A primary test of the suitability of a tax-exempt obligation for an individual investor is a comparison of the yield the investor would have to earn on a taxable obligation to equal a tax-exempt yield in his or her income tax bracket. Individuals should consult with brokers or qualified financial or tax advisors to determine the taxable equivalent yield they could expect given their particular tax circumstances.

The Capital Appreciation Bonds may not be suitable for all investors. Investors should realize that capital appreciation bonds such as the School District’s Capital Appreciation Bonds are subject to greater market volatility than traditional tax-exempt obligations that have semiannual interest payments. An investor who purchases a Capital Appreciation Bond and holds it until maturity receives an amount equal to the original principal amount plus the interest that has accrued over the life of the bond at the stated interest rate for such Capital Appreciation Bond. An investor who sells such a bond prior to maturity at a time when interest rates, generally, are higher than at the time that the bond was purchased, may realize a loss on the investment. Prospective purchasers of the Capital Appreciation Bonds who believe they may have to sell such bonds prior to maturity should consider the market risk associated with capital appreciation bonds. It is particularly important for the first-time buyer of capital appreciation tax-exempt bonds to review the suitability of the School District’s Capital Appreciation Bonds with a broker or qualified financial or tax advisor.

Prepayments of Principal

The Bonds allow the School District to prepay certain principal of the Bonds without penalty. (See “THE BONDS – Redemption Provisions – Optional Redemption,” and “THE BONDS – Redemption Provisions – Extraordinary Optional Redemption” herein.) If such Bonds were to be prepaid before scheduled maturity, the investor would not receive the anticipated yield through the scheduled maturity date. In such a prepayment situation there is no guarantee that the investor could reinvest the proceeds and receive a comparable yield for the period remaining until the scheduled maturity of the Bonds. The investor, therefore, may receive a lower total return for the period beginning on the date of purchase through the scheduled date of maturity than anticipated.

BOND ISSUE SUMMARY

The information contained in this Bond Issue Summary is qualified in its entirety by the entire Official Statement, which should be reviewed in its entirety by potential investors.

Issuer:	Findlay City School District, Hancock County, Ohio
Issues:	\$217,134.65 School Facilities Construction and Improvement Bonds, Series 2010A (the “Series 2010A Bonds”); and \$53,975,000 School Facilities Construction and Improvement Bonds, Series 2010B (the “Series 2010B Bonds,” and together with the Series 2010A Bonds, the “Bonds”)
Dated Date:	Date of Delivery
Interest Payment Dates:	Interest on the Current Interest Bonds will be paid each June 1 and December 1, beginning June 1, 2010. Interest on Capital Appreciation Bonds will accrue and be compounded on each June 1 and December 1 and be payable at maturity.
Principal Payment Dates:	<u>Series 2010A Capital Appreciation Bonds</u> : December 1, 2017; <u>Series 2010B Serial Bonds</u> : December 1, 2010, through December 1, 2025, inclusive; and <u>Series 2010B Term Bonds</u> : December 1, 2029 and December 1, 2037.
Redemption:	<p>Bonds maturing after December 1, 2019 are subject to redemption at the option of the School District, either in whole, or in part, in such order as the School District shall determine, on any date on or after December 1, 2019, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption. See “THE BONDS – Redemption Provisions – Optional Redemption” herein.</p> <p>The Series 2010B Bonds maturing on December 1, 2029 and December 1, 2037 are subject to mandatory sinking fund redemption prior to stated maturity. See “THE BONDS – Redemption Provisions – Mandatory Sinking Fund Redemption” herein.</p> <p>The Series 2010B Bonds are subject to extraordinary optional redemption prior to stated maturity in the event that the United States Department of the Treasury (the “Treasury”) should cease, or announce its intention to cease, making full payment of the credit provided for in Section 6431 of the Code, which credit is equal to 35% of the stated interest paid on the Series 2010B Bonds. (See “THE BONDS – Redemption Provisions – Extraordinary Optional Redemption” herein.)</p>
Purpose:	The Bonds are issued for the purpose of constructing school facilities under the Exceptional Needs Program of the Ohio School Facilities Commission with related facilities and local initiatives; furnishing and equipping the same; improving the sites thereof; and acquiring land and interests in land.
Security:	The Bonds will be voted general obligations of the School District and will contain a pledge of the full faith and credit of the School District for the payment of the principal of and interest on the Bonds when due.
Credit Rating:	The School District has applied for a rating of the Bonds from Moody’s Investors Service, Inc. (“Moody’s”), which has rated the Bonds Aa3.

Tax Matters: In the opinion of Bond Counsel, under existing law and assuming compliance with certain covenants, interest on the Series 2010A Bonds is excluded from gross income for federal income tax purposes, is not treated as an item of tax preference for purposes of the alternative minimum income tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the “Code”), and is exempt from certain taxes imposed by the State of Ohio and its political subdivisions. Interest on the Series 2010B Bonds is **not** excluded from gross income for federal income tax purposes, but such interest is exempt from certain taxes imposed by the State of Ohio. See “TAX MATTERS” herein.

Build America Bonds: The School District has irrevocably designated the Series 2010B Bonds as Build America Bonds under Section 54AA of the Code and has irrevocably elected under Section 54AA(g) to receive a credit from the Treasury equal to 35% of the stated interest paid on the Series 2010B Bonds as provided in Section 6431 of the Code. (See “THE BONDS – Designation of Bonds as Build America Bonds” herein.)

Bank Qualification: The School District has designated the Series 2010A Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Legal Opinion: Bricker & Eckler LLP, Columbus, Ohio.

Underwriter: Stifel, Nicolaus & Company, Incorporated, Columbus, Ohio.

Bond Registrar and Paying Agent: The Bank of New York Mellon Trust Company, N.A., Cleveland, Ohio.

Book-Entry Only System: The Bonds are being issued as fully registered Bonds in book-entry form only and book-entry interests therein will be available for purchase in amounts of \$5,000 and integral multiples thereof with respect to the Current Interest Bonds and maturity amounts of \$5,000 and integral multiples thereof with respect to the Capital Appreciation Bonds. Owners of book-entry interests will not receive physical delivery of bond certificates. DTC or its nominee will receive all payments with respect to the Bonds from the Paying Agent and Registrar. DTC is required by its rules and procedures to remit such payments to its participants for subsequent disbursement to owners of the book-entry interests.

Delivery and Payment: It is expected that delivery of the Bonds in definitive form will be made through DTC on or about February 4, 2010. The Bonds will be released to the Underwriter against payment in federal funds.

School District Official: Questions concerning the Official Statement should be directed to Michael Barnhart, Treasurer, Findlay City School District, 1219 West Main Cross, Findlay, Ohio 45840. Telephone: 419-425-8237.

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**FINDLAY CITY SCHOOL DISTRICT
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School Facilities Construction and
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(Federal Taxable – Build America Bonds – Direct Payment)
(General Obligation – Unlimited Tax)

INTRODUCTORY STATEMENT

This Official Statement has been prepared by the Board of Education (the “Board”) of the School District in connection with the original issuance and sale by the School District of the Bonds identified on the Cover hereof.

All financial and other information presented herein has been provided by the School District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the School District. No representation is made that past experience, as might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Certain statements contained in this Official Statement, including, without limitation, statements containing the words “believes,” “anticipates,” “expects” and words of similar import, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the School District to be materially different from any future results, performance or achievements expressed or implied by such statements. Such factors include, among others, general economic conditions, demographic changes, and existing government regulations and changes in, or the failure to comply with, government regulations. Certain of these factors are discussed in more detail elsewhere in this Official Statement. Given these uncertainties, readers of this Official Statement and investors are cautioned not to place undue reliance on such forward-looking statements.

This Official Statement should be considered in its entirety and no subject discussed should be considered less important than any other subject by reason of its location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code or uncodified, the Ohio Constitution, or federal law, are references to such provisions as they presently exist. Provisions of the Ohio law and Ohio Constitution and federal law may in the future, and from time to time, be amended, repealed or supplemented.

Additional information relating to the financial condition of the School District may be obtained by contacting the Treasurer, Michael Barnhart, Findlay City School District, 1219 West Main Cross, Findlay, Ohio 45840 telephone 419-425-8237, and from the Ohio Department of Education’s website: www.ode.state.oh.us. The School District makes no representation as to the accuracy of the information appearing at such website.

DEFINITIONS

The following capitalized terms, as used in this Official Statement and the Appendices attached hereto, have the following meanings unless otherwise indicated:

“Board” means the Board of Education of the School District.

“Bond Counsel” means Bricker & Eckler LLP, Columbus, Ohio.

“Bond Registrar” means The Bank of New York Mellon Trust Company, N.A., Cleveland, Ohio.

“Build America Bonds” means Bonds irrevocably designated as Build America Bonds under Section 54AA of the Code.

“City” means the City of Findlay, Ohio.

“County” means Hancock County, the dominant county of the School District, as defined by the Revised Code.

“County Auditor” means County Auditor of the County.

“Cover” means the cover page and the inside cover of this Official Statement.

“Department” means the State Department of Education.

“OMAC” means Ohio Municipal Advisory Council.

“Project” means constructing school facilities under the Exceptional Needs Program of the Ohio School Facilities Commission with related facilities and local initiatives; furnishing and equipping the same; improving the sites thereof; and acquiring land and interests in land.

“Revised Code” means the Ohio Revised Code.

“School District” means the Findlay City School District, Hancock County, Ohio.

“State” means the State of Ohio.

“State Auditor” means Auditor of the State.

“State Superintendent” means State Superintendent of Public Instruction.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated, Columbus, Ohio.

THE BONDS

Authorization and Purpose

The Bonds are authorized by a resolution of the Board passed on December 14, 2009 (the “Bond Resolution”). The electors of the School District approved the issuance of bonds in the amount of \$54,195,000 at the election held on November 3, 2009, and the Bonds are issued pursuant to such voted authority.

The Bonds are issued in conformity with Revised Code Chapter 133, and are, therefore, lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies, including domestic for life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other funds of the State, subdivisions and taxing districts, the Commissioners of the Sinking Fund of the State, the Administrator of Workers’ Compensation, the State teachers, public employees, and school employees retirement systems, and the police and firemen’s disability and pension fund, and are eligible as security for the repayment of the deposit of public moneys.

The Bonds are unlimited tax general obligation bonds issued for the purpose of constructing school facilities under the Exceptional Needs Program of the Ohio School Facilities Commission with related facilities and local initiatives; furnishing and equipping the same; improving the sites thereof; and acquiring land and interests in land (the “Project”).

Under Ohio law, the maximum maturity of the Bonds may not extend more than 28 years beyond the date of the first principal payment on the Bonds.

Form and Terms

The Bonds will be issued in fully registered form and the Current Interest Bonds (as shown on the Cover hereof) will bear interest from their dated date until maturity or earlier redemption, at the rates per annum as set forth on the Cover hereof, payable on June 1 and December 1 of each year, and will mature on December 1 in the years as indicated on the Cover of this Official Statement. The Current Interest Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, provided that, so long as the Bonds shall be in book-entry form and held by a depository, each Bond will be of a single maturity, and will be numbered consecutively from R-1 upward.

Interest on the Capital Appreciation Bonds will accrue from the date of delivery until maturity, at the stated interest rates per annum as set forth on the Cover hereof. Interest on the Capital Appreciation Bonds will compound semiannually on June 1 and December 1 (the “Interest Accretion Dates”) but will be payable only at maturity. The Capital Appreciation Bonds will mature on December 1 in the years as indicated on the Cover of this Official Statement. The Capital Appreciation Bonds will be issued in the maturity amounts of \$5,000 or any integral multiple thereof.

Principal of the Bonds and accreted interest on the Capital Appreciation Bonds (as shown on the Cover hereof) will be payable at maturity, in lawful money of the United States of America, at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., Cleveland, Ohio, which has been designated by the Board as bond registrar, paying agent, and transfer agent for the Bonds (the “Bond Registrar”). Interest on the Current Interest Bonds will be payable to the person whose name appears as the registered holder thereof on the registration records maintained by the Bond Registrar, on the respective Record Date (15th day next preceding an interest payment date) by check

mailed to such registered holder at the address of such registered holder as it appears on the registration records. No deduction shall be made for exchange, collection, or service charges.

The table below sets forth the adjusted basis for federal income tax purposes of a Bondholder who purchases a Capital Appreciation Bond at the initial offering price for each maturity date and per \$5,000 maturity amount, from the date of delivery of the Capital Appreciation Bonds and on each June 1 and December 1 thereafter until maturity.

Interest Accretion Date	2017
February 4, 2010	\$3,764.55
June 1, 2010	3,809.20
December 1, 2010	3,878.90
June 1, 2011	3,949.85
December 1, 2011	4,022.15
June 1, 2012	4,095.75
December 1, 2012	4,170.70
June 1, 2013	4,247.05
December 1, 2013	4,324.75
June 1, 2014	4,403.90
December 1, 2014	4,484.50
June 1, 2015	4,566.55
December 1, 2015	4,650.15
June 1, 2016	4,735.20
December 1, 2016	4,821.90
June 1, 2017	4,910.10
December 1, 2017	5,000.00

THIS TABLE IS NOT TO BE CONSTRUED AS A REPRESENTATION AS TO THE MARKET VALUE OF THE CAPITAL APPRECIATION BONDS AT ANY TIME IN THE FUTURE. For a discussion of the adjustments to the basis of a holder of a Capital Appreciation Bond resulting from the accretion of original issue discount for federal income tax purposes, see “TAX MATTERS - Original Issue Discount” herein.

Designation of Bonds as Build America Bonds

The School District has irrevocably designated the Series 2010B Bonds as Build America Bonds under Section 54AA of the Code and has irrevocably elected under Section 54AA(g) to receive a credit from the United States Department of the Treasury (the “Treasury”) equal to 35% of the stated interest paid on the Series 2010B Bonds as provided in Section 6431 of the Code.

Redemption Provisions

Mandatory Sinking Fund Redemption

The Series 2010B Term Bonds maturing on December 1, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2026	2,105,000
2027	2,190,000
2028	2,275,000

The remaining principal amount of such Series 2010B Term Bonds (\$2,360,000) will be paid at stated maturity on December 1, 2029.

The Series 2010B Term Bonds maturing on December 1, 2037 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2030	\$2,455,000
2031	2,555,000
2032	2,655,000
2033	2,765,000
2034	2,875,000
2035	2,995,000
2036	3,115,000

The remaining principal amount of such Series 2010B Term Bonds (\$3,240,000) will be paid at stated maturity on December 1, 2037.

Optional Redemption

The Current Interest Bonds maturing after December 1, 2019 are subject to redemption at the option of the School District, either in whole, or in part, in such order as the School District shall determine, on any date on or after December 1, 2019, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Extraordinary Optional Redemption

The Series 2010B Bonds are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption, in the event that the Treasury should cease, or announce its intention to cease, making full payment of the credit provided for in Section 6431 of the Code, which credit is equal to 35% of the stated interest paid on the Series 2010B Bonds.

Redemption Procedures

When partial redemption is authorized, the Current Interest Bonds or portions thereof will be selected by lot within a maturity in such manner as the Bond Registrar may determine, provided, however, that the portion of any such Bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

The notice of the call for redemption of Current Interest Bonds shall identify (i) by designation, letters, numbers or other distinguishing marks, such Bonds or portions thereof to be redeemed, (ii) the redemption price to be paid, (iii) the date fixed for redemption, and (iv) the place or places where the amounts due upon redemption are payable. From and after the specified redemption date, interest on such Bonds (or portions thereof) called for redemption shall cease to accrue. Such notice shall be sent by first class mail to each such registered holder at the address shown in the Bond registration records at least 30 days prior to the redemption date. Failure to receive such notice or any defect therein shall not affect the validity of the proceedings for the redemption of any such Bond.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds, other than any accrued interest, if any (which will be deposited in the School District’s Bond Retirement Fund and used to pay interest on the Bonds), will be applied as follows:

Sources

Par Value of Series 2010A Bonds	\$ 217,134.65
Par Value of Series 2010B Bonds	53,975,000.00
Plus: Net Original Issue Premium	<u>509,423.50</u>
Total Sources	<u>\$54,701,558.15</u>

Uses

Deposit to Project Fund	\$54,199,533.51
Costs of Issuance ¹	<u>502,024.64</u>
Total Uses	<u>\$54,701,558.15</u>

¹ Includes Underwriter’s compensation, rating fees, printing and distribution costs, legal fees, and other miscellaneous expenses.

SECURITY AND SOURCE OF PAYMENT FOR THE SCHOOL DISTRICT'S GENERAL OBLIGATION DEBT

The Bonds are voted general obligation debt of the School District, payable from the sources described, subject to Chapter 9 of the Federal Bankruptcy Code and other laws affecting creditors' rights. The basic security for payment of the Bonds is the requirement that the School District levy ad valorem property taxes outside the ten-mill limitation (which limitation is further described in APPENDIX A under "SCHOOL DISTRICT DEBT AND DEBT LIMITATIONS"), which taxes are unlimited as to rate and amount, to the extent necessary to pay the anticipated debt service on the Bonds as the same becomes due, and to the extent that such debt service on the Bonds is not paid from other sources.

Such taxes can be expended only for the purpose of paying the anticipated debt service on the Bonds (together with costs of issuing the Bonds) and since such taxes are unlimited as to rate or amount, the rate of millage actually levied in each year while the Bonds are outstanding will be such as is determined to be necessary by the County Auditor to produce the amount necessary to pay debt service on the Bonds due in that year, giving due consideration to the School District's assessed valuation and previous tax collection experience.

The Bonds are also secured by a pledge of the full faith and credit of the School District. This pledge includes all of the funds of the School District, except those prohibited from use by the Ohio Constitution, State or federal law, or specifically limited to another use. See "SCHOOL DISTRICT DEBT AND DEBT LIMITATIONS – Statutory Debt Limitations Generally" in APPENDIX A.

In addition to the right of individual bondholders to sue upon their particular Bonds, State law authorizes the holders of not less than 10% in principal amount of the Bonds to bring mandamus or other actions to enforce all contractual or other rights of the bondholders, including the right to require the School District to levy, collect and apply the taxes to pay debt service on the Bonds, and in the case of any default in payment of debt service on the Bonds, to bring an action to require the School District to account as if it were the trustee of an express trust for the bondholders or to enjoin any acts that may be unlawful or in violation of bondholder rights.

School District Bankruptcy

An Ohio school district may file for bankruptcy under Chapter 9 of the Bankruptcy Code if it meets certain prerequisites under both federal and State law. Title 11, Section 109(c) of the United States Code sets forth the requirements for a State political subdivision to file for bankruptcy protection. In addition to requiring the school district to be insolvent¹, the school district must be specifically authorized, in its capacity as a school district or by name, to be a debtor under such chapter by State law, or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under such chapter.² With regard to State law, Revised Code Section 133.36 requires that a political subdivision which desires to file bankruptcy seek and obtain permission of the Tax Commissioner of the State. Moreover, Revised Code Section 3313.483(E)(5) provides that a school district may not file for bankruptcy if it owes money to the State.

The foregoing federal and State laws also permit an Ohio county to initiate Chapter 9 proceedings which, because a county collects certain revenues on behalf of a school district (particularly ad valorem property taxes), may adversely affect the financial condition of such school district.

¹ 11 U.S.C. Section 101(32)(C) requires that in order to be "insolvent" a school district must not be paying its debts as they come due.

² See 11 U.S.C. Section 109(c)(2).

UNDERWRITING

Stifel Nicolaus & Company, Incorporated (the “Underwriter”) has agreed, pursuant to the Bond Purchase Agreement with the School District dated January 21, 2010 (the “Purchase Agreement”), to purchase all, but not less than all, of the Bonds at a purchase price of \$54,199,533.51 (the “Purchase Price”), which is equal to the par amount of the Bonds (\$54,192,134.65), plus net original issue premium (\$509,423.50), less Underwriter’s discount (\$372,248.88), less certain costs of issuance paid by the Underwriter (\$129,775.76), plus accrued interest, if any.

The Underwriter is purchasing the Bonds as originally issued for purpose of resale. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter), and others at prices lower than the public offering prices noted on the Cover. The initial offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Bonds will be initially offered for resale at a price calculated to produce a gross spread in favor of the Underwriter of \$509,423.50. Such spread will be used to pay the Underwriter’s compensation (\$372,248.88) and to pay certain other costs of issuance including rating fees, bond insurance premium, printing and distribution costs, legal fees, and other miscellaneous expenses.

The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions of the Purchase Agreement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

RATING

As noted on the Cover, the School District has applied for a rating of the Bonds from Moody’s Investors Service, Inc. (“Moody’s”), which has rated the Bonds Aa3. No application for a rating has been made to any other rating agency.

The rating reflects only the views of such rating agency. Any explanation of the significance of the rating may only be obtained from such rating agency at Moody’s Investors Service, Inc., 7 World Trade Center, New York, New York 10007, telephone (212) 553-0300.

The School District furnished to the rating agency certain information and materials, some of which may not have been included in this Official Statement, relating to the Bonds and the School District. Generally, rating agencies base their ratings on such information and materials, as well as investigation, studies and assumptions by the rating agencies. Such ratings are not recommendations to buy, sell or hold the Bonds.

There can be no assurance that a rating, when assigned, will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if, in the rating agency’s judgment, circumstances so warrant. In addition, the School District currently expects to provide to Moody’s (but assumes no obligation to furnish to the Underwriter or the holders of the Bonds) further information and materials that it or they may request. The School District does not, however, obligate itself hereby to furnish such information and materials, and may issue unrated bonds and notes from time to time. Failure by the School District to furnish such information and materials, or the issuance of unrated bonds or notes, may result in the suspension or withdrawal of a rating agency’s rating on the Bonds. Any

lowering, suspension or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

LITIGATION

Litigation Generally

To the knowledge of the appropriate officials of the School District, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or the levy and collection of taxes to pay the debt service on the Bonds, or contesting or questioning the proceedings and authority under which the Bonds are to be authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. A no-litigation certificate to such effect will be delivered to the Underwriter at the time of original delivery of the Bonds to such Underwriter.

The School District is not a party to any legal proceedings seeking damages or injunctive relief.

School Funding Litigation

In 1997, in DeRolph v. State of Ohio, the Ohio Supreme Court determined that Ohio's elementary and secondary public school financing system violated the Ohio Constitution, including in that ruling a determination that property taxes may be used as a part of a school funding solution, but could no longer be the primary means of financing schools. In 2003, the Ohio Supreme Court effectively prohibited further judicial review of the DeRolph case and the United States Supreme Court denied the plaintiffs' Petition for Writ of Certiorari, without opinion.

Throughout its rulings the Ohio Supreme Court did not specifically address, and did not hold as invalid:

Voted securities issues (bonds and notes previously issued and bond issues that may be placed on the ballot in the future) and the debt service levy included within such voted authority.

Unvoted securities issues (bonds and notes previously issued and future bond and note issues), issued for the purpose of constructing permanent improvements or capital facilities, and the debt service levy included within such authority.

Voted levies (property taxes or income taxes). The decisions did not address the current authority of school districts to levy and collect operating levies, and the decisions do not prevent school districts from approving additional levies.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the excludability from gross income for federal income tax purposes of the interest thereon (see "TAX MATTERS" herein) are subject to the approving opinion of Bricker & Eckler LLP, Bond Counsel to the School District. A signed copy of that opinion will be delivered to the Underwriter at the time of original delivery, and a copy will be printed on the Bonds. Assuming no change in applicable law prior to the date of delivery of such opinion, the opinion will be substantially in the form attached hereto as APPENDIX D. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to the date thereof.

While Bond Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to the accuracy, completeness or fairness of any of the statements in this Official Statement, including its appendices (other than APPENDIX D), or in any other reports, financial information, offering or disclosure documents or other information pertaining to the School District or the Bonds that may be prepared or made available by the School District or others to the holders of the Bonds or others.

TAX MATTERS

General

In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law, (i) interest on the Series 2010A Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Code, and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Series 2010B Bonds is **not** excluded from gross income for federal income tax purposes under Section 103(a) of the Code. Further, the Bonds are not “private activity bonds” as defined in Section 141(a) of the Code.

The Bonds, the interest thereon and the transfer, and any profit made on the sale or other disposition, thereof are exempt from taxes levied by the State and its political subdivisions. For purposes of this paragraph, “taxes” means any direct or indirect taxes, including income, ad valorem, transfer, and excise taxes, Ohio commercial activity tax and the corporate franchise tax measured by net income of a corporation, but “taxes” does not mean or include (i) the corporate franchise tax measured by net worth of a corporation; (ii) the estate tax, (iii) the taxes levied on insurance companies and dealers in intangibles pursuant to Chapter 5725 of the Revised Code; and (iv) the tax on shares of and capital employed by dealers in intangibles pursuant to Revised Code Section 5707.03 of the Revised Code. Bond Counsel will express no opinion and make no representation regarding other federal, state or local income tax consequences resulting from the receipt or accrual of interest on the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications made by the Board and others, and the compliance with certain covenants of the School District, to be contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Series 2010A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of such certifications and representations.

The School District has designated the Series 2010A Bonds as “qualified tax exempt obligations” as defined in Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution’s interest expense allocable to interest on the Series 2010A Bonds.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Series 2010A Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income tax retroactively to the date of their issuance. The School District has covenanted to take such actions which may be required of it for the interest on the Series 2010A Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions which would adversely affect that exclusion.

Under the Code, interest on the Series 2010A Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States of America and a tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes can have certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations and individuals otherwise eligible for the earned income credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other items of income and expenses of the holders of the Series 2010A Bonds. Bond Counsel will express no opinion and make no representation regarding such consequences.

Build America Bonds

The School District has irrevocably designated the Series 2010B Bonds as Build America Bonds under Section 54AA of the Code and has irrevocably elected to treat the Series 2010B Bonds as “qualified bonds” under Section 54AA(g) of the Code. (See “THE BONDS – Designation of Bonds as Build America Bonds” herein.)

Original Issue Discount

Certain of the Bonds may be sold to the public at a price of less than 100% of their face amount (the “Discount Bonds”). The following information, which has not been included in the opinion of Bond Counsel, may be helpful to prospective purchasers of the Discount Bonds.

Under present federal income tax law, original issue discount (*i.e.*, the difference between the issue price, as hereinafter defined, of a Discount Bond and the stated redemption price at maturity of such Discount Bond) is treated as accruing (accreted) over the term of such Discount Bond. The issue price is the price at which a substantial amount of the Discount Bonds are sold to the public (excluding bond house, brokers or similar persons acting in the capacity of underwriters or wholesalers). In general, the amount of original issue discount which is to be accreted in each “accretion period” will equal (i) the issue price of that Discount Bond, increased by the amount of original issue discount which as been accreted in all prior accretion periods, multiplied by (ii) the initial offering yield of that Discount Bond reflected on the inside cover page of this Official Statement (determined on the basis of compounding at the close of each accretion period and properly adjusted for the length of the accretion period), minus, with respect to the Current Interest Bonds, interest actually paid during such accretion period. For these purposes, “accretion period” means a six-month period (or shorter period from the date the Discount Bond was issued) which ends on a day in the calendar year corresponding to the maturity date of that Discount Bond or the date six months before such maturity date. The amount of original issue discount so accreted in a particular accretion period will be considered to accrete ratably on each day of the accretion period.

With respect to any Series 2010A Bonds that are Discount Bonds (“Series 2010A Discount Bonds”), such accreted amount is used for purposes of determining the adjusted basis for federal income tax purposes of the holder of such Discount Bond but is not included in such holder’s gross income for federal income tax purposes. Consequently, a purchaser who buys a Series 2010A Discount Bond in the initial offering at the issue price and holds such Series 2010A Discount Bond to its maturity would not realize any gain or loss for federal income tax purposes upon payment of the stated redemption price of that Series 2010A Discount Bond at maturity.

PROSPECTIVE PURCHASERS OF THE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, SALE, TRANSFER, REDEMPTION, PAYMENT, OR OTHER DISPOSITION OF THE DISCOUNT BONDS, INCLUDING, WITHOUT LIMITATION, MODIFICATIONS TO THE METHOD FOR AMORTIZING PREMIUM FOR CERTAIN SUBSEQUENT PURCHASERS, AND INCLUDING THE EFFECT OF ANY APPLICABLE STATE OR LOCAL INCOME TAX LAWS.

THE FOREGOING DISCUSSION OF TAX MATTERS WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF SERIES 2010B BONDS, BUT WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SERIES 2010B BONDS. EACH PROSPECTIVE PURCHASER OF SERIES 2010B BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS FOR ADVICE REGARDING THE PURCHASE OF SUCH SERIES 2010B BONDS.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from DTC and the School District takes no responsibility for the completeness or accuracy thereof. The School District cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (each as hereinafter defined) (a) payments of interest, principal, or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which

are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the School District or the Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Revision of Book-Entry Only System - Replacement Bonds

The Bond Resolution provides for issuance of fully registered Bonds (the "Replacement Bonds") directly to owners other than DTC or its nominee only if DTC determines not to continue to act as security depository of the Bonds. In such event, the School District may in its discretion establish a securities depository/book-entry relationship with another qualified securities depository. If the School District does not or is unable to do so, and after appropriate notice to DTC, the School District's Bond Registrar will authenticate and deliver fully registered Replacement Bonds, in the denominations of \$5,000 or any multiple thereof, to or at the direction of and, if the event is not the result of School District action or inaction, at the expense (including printing costs) of, any persons requesting such issuance. Replacement Bonds may be transferred, registered and assigned only in the registration books of the School District's Bond Registrar.

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TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings for the Bonds, including an appropriate no-litigation certificate (described above under “LITIGATION”), will be delivered by the School District when the Bonds are delivered by the School District to the Underwriter. The School District will at that time also provide to the Underwriter a certificate of the Treasurer of the School District, in the form attached hereto as APPENDIX E, addressed to the Underwriter relating to the accuracy and completeness of this Official Statement.

CONTINUING DISCLOSURE

The School District has agreed for the benefit of the holders and beneficial owners of the Bonds to provide annual financial and operating information in its Annual Report, not later than December 1 of each year, and to provide notices of certain events, if material. Concurrently with the delivery of the Bonds, the School District will deliver a certificate of the Treasurer of the School District (the “Disclosure Certificate”), in the form attached hereto as APPENDIX F, describing the nature of the information to be provided, the persons and entities to whom such information will be provided and the times at which such information will be provided. The School District’s failure to comply with any undertaking contained in the Disclosure Certificate will not constitute an event of default under the Bonds.

The Disclosure Certificate is being executed by the School District to assist the Underwriter in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission. Specifically, the School District agrees to provide the Annual Report to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format, if required, and to provide notice of the enumerated events to the MSRB in an electronic format, if required.

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CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the School District from official and other sources and is believed by the School District to be reliable, but information other than that obtained from official records of the School District has not been independently confirmed or verified by the School District and its accuracy is not guaranteed.

Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as or as part of a contract with the original purchasers or holders of the Bonds.

This Official Statement has been duly prepared and delivered by the School District, and executed for and on behalf of the School District by the Board President and Treasurer.

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO

By: /s/ Richard Hoffman
President, Board of Education

By: /s/ Michael Barnhart
Treasurer, Board of Education

THE FINDLAY CITY SCHOOL DISTRICT

GENERAL INFORMATION

Introduction

The School District was established in 1853 and is organized under the laws of the State of Ohio. The School District serves an area of approximately 17 square miles including a portion of Hancock County (the “County”), the City of Findlay (the “City”) and a portion of Marion and Liberty townships. The City is the county seat of the County.

The School District is one of over 600 public school districts in the State of Ohio and eight located entirely within the County. The School District’s facilities include four primary schools for kindergarten through second grade, four intermediate schools for third through fifth grades, one elementary school housing kindergarten through fifth grade, three middle schools for grades six through eight, one high school, two career-tech building, an administration building and a bus garage. The School District has over 6,120 students enrolled.

Residents of the School District are serviced by an excellent transportation system. Automobile and truck access is provided to the School District in all directions via Interstate 75, U.S. Highways 224 and 68, and State Routes 12, 37, 568 and 15. There is also convenient access to the newly completed U.S. 30 that runs across the southern section of the County. The Cities of Columbus, Toledo, Dayton, Detroit, and Cleveland lie within a two hour driving radius of the School District. Rail facilities access the School District from the north and south via Conrail and from the east and west via Norfolk and Southern. The Findlay Airport is located in the southwest part of the City and has two hard surfaced main runways, 6,500’ x 100’ and 6,000’ x 100’. The transportation network and easy access to major metropolitan markets have been instrumental in the City’s ability to attract industry to the area.

The Findlay-Hancock County area has maintained a reputation of growth and excellence that has partially been attributed to successes in diversifying the local economy and population growth. Area achievements have resulted in consistent national recognition. The Findlay-Hancock County area has been named among the “100 Best Communities for Young People” in 2005, 2006, 2007 and 2008. Additionally, the Greater Findlay region has placed in the top 20 of Site Selection’s best micropolitan communities for eleven consecutive years.

The School District is within commuting distance to several colleges and universities such as the University of Findlay, Owens Community College, Bowling Green State University, The Ohio State University at Lima and the University of Toledo.

The School District is an independent political subdivision of the State of Ohio and operates subject to the provisions of the Ohio Constitution and various sections of the Revised Code. Under such laws, there is no authority for the School District to have a charter or adopt local laws. The School District is not a part of, nor under the control of, the County or the City.

According to information supplied by OMAC, the School District contains portions of the assessed valuation of other subdivisions, as shown below:

Overlapping Subdivisions Findlay City School District		
Subdivision	Subdivision's Assessed Valuation Within the School District ¹	School District's Assessed Valuation Within the Subdivision ¹
<i><u>Counties</u></i>		
Hancock County	51.63%	100.00%
<i><u>Other Political Subdivisions</u></i>		
City of Findlay	88.41	91.80
Marion Township	50.97	5.73
Liberty Township	14.69	2.47

Source: OMAC

A 2006 estimate prepared by OMAC indicated that the School District's population was 38,990.

¹ Shares are based on 2008-2009 assessed valuation figures; figures may not sum to 100% due to rounding.

School District Officials

The legislative power of the School District is vested in the Board of Education (the “Board”), consisting of five members elected at large for staggered four-year terms. At the first meeting of each year, the Board elects a president and a vice president from its membership, each to serve a one-year term. The Board employs a Superintendent who serves as the executive officer for the Board and a Treasurer who serves as the chief fiscal officer for the Board.

School District Officials Findlay City School District

Official	Office	Expiration of Current Term	Years of Service
Richard Hoffman	Board President	12/31/2011	2
Barbara Lockard	Board Vice President	12/31/2011	2
Barbara Dysinger	Member	12/31/2013	3.5
Jeffery Shrader	Member	12/31/2011	10
Shane Pochard	Member	12/31/2013	1.5
Dr. Dean Wittwer	Superintendent	Contract	5
Michael Barnhart	Treasurer	Contract	5

School District Employees

The School District currently has 480 certificated employees and 405 classified employees.

Certified Staff

The teaching or certified staff is represented by the Findlay Education Association (“FEA”) which has been representing the teaching staff for 86 years and is affiliated with both the Ohio Education Association and the National Education Association. In 2008, the Board and the FEA signed a three-year agreement effective through June 30, 2011. For purposes of severance, the School District provides retiring staff with 27% paid sick leave at the per diem rate provided individuals have not acquired more than 30.99 years accumulated service. The School District provides retiring staff with greater than 30.99 years of accumulated services, 30% of unused sick balances for a maximum of 53 days.

Classified Staff

Classified staff includes secretarial, clerical, custodial and cafeteria workers, as well as bus drivers and other non-teaching, non-administrative personnel. Classified staff of the School District has been represented by the OAPSE Local 175 (Custodians/Maintenance) for 10 years and by the OAPSE Local 010 (Bus Drivers) for 20 years.

Pension Obligations

Present and retired employees of the School District are covered under two statewide public retirement (including disability retirement) systems. The State Teachers Retirement System (the “STRS”) is applicable to all teachers, principals, supervisors and administrators employed by the School District who are required to hold a certificate issued by the Department pursuant to the Revised Code. Other eligible employees are covered by the School Employees Retirement System (the “SERS”). Pursuant to

federal law, all School District employees hired after March 31, 1986 are required to participate in the federal Medicare program which currently requires employee and employer contributions each equal to 1.45% of the employee's wages subject to the Federal Insurance Contribution Act (FICA) wage limit. Otherwise, School District employees are not presently covered under the Federal Social Security Act.

STRS and SERS are not presently subject to the funding and vesting requirements of the Federal Employee Retirement Income Security Act of 1974.

Both STRS and SERS were created by and operate pursuant to Ohio law. The State legislature could determine to amend the format of either system and could revise rates or methods of contribution to be made by the School District into the pension funds and revise benefits or benefits levels.

School District Facilities

The School District presently operates the following schools:

Current School District Facilities Findlay City School District

Name of Building	Group/ Grades Housed	Enrollment (2009 – 2010)	Capacity	Number of Teachers	Pupil/ Teacher Ratio	Year Building Completed	Year(s) of Additions/ Renovations
Findlay High School	9-12	1,895	2,112	141	11.16	1963	1999
Central Middle School ¹	6-8	442	822	34	13.00	1925	1940
Donnell Middle School	6-8	474	449	32	14.81	1925	1957
Glenwood Middle School	6-8	380	449	35	10.86	1925	1957
Jacobs Primary School	K-2	300	267	22	13.64	1957	1961
Chamberlin Hill Intermediate	3-5	250	254	17	14.71	1969	n/a
Northview Primary School	K-2	281	285	21	13.38	1950	1954, 1958, 1961
Bigelow Hill Intermediate	3-5	267	291	20	13.35	1969	n/a
Washington Intermediate	3-5	227	254	20	11.35	1969	n/a
Jefferson Primary School	K-2	212	210	14	15.14	1950	1961
Whittier Primary School	K-2	387	334	24	16.13	1950	1956, 1993, 2000
Wilson Vance Intermediate	3-5	352	312	24	14.67	1969	2000
Lincoln Elementary School	K-5	442	472	29	15.24	1915	1958
Millstream East Career ² Tech	11-12	214	186	7	30.57*	1950	1990
Total	n/a	6,123	6,697	440	n/a	n/a	n/a

Source: School District

*Figure includes half-day students.

¹ Upon completion of the Project, the School District expects uses for the Central Middle School building to include a community venue for the performing arts, School District administrative offices, a portion of the County offices and the School District's Digital Academy.

² The Millstream Career Compact is an agreement between the School District and school districts located primarily in Hancock and Putnam Counties whereby the School District provides career and technology education to students from the participating school districts. Millstream Career Center students are currently housed in three buildings: Findlay High School, Millstream East Career, and Millstream South Career, a leased facility. The Millstream South Career students and teachers are reflected in the Findlay High School enrollment figures. Upon completion of the Project, Millstream will be housed in its entirety in a new building next to Findlay High School. Millstream East will be sold and the lease for Millstream South terminated.

After completion of the Project, the School District will operate the following schools:

School District Facilities upon Completion of the Project
Findlay City School District

Name of Building	Group/Grades Housed	Capacity	Projected Enrollment (2013 – 2014)
<u>New Construction¹</u>			
Millstream Career Center	11-12	458	626
Donnell Middle School	6-8	640	640
TBD Middle School	6-8	639	639
<u>Existing Facilities</u>			
Findlay High School	9-12	2,112	1,678
Jacobs Primary School	K-2	267	299
Washington Intermediate	3-5	254	226
Jefferson Primary School	K-2	210	211
Chamberlin Hill Intermediate	3-5	254	249
Northview Primary School	K-2	285	280
Bigelow Hill Intermediate	3-5	291	266
Whittier Primary School	K-2	334	386
Wilson Vance Intermediate	3-5	312	351
Lincoln Elementary School	K-5	472	440
Total		6,528	6,291

Source: School District

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¹ The School District is participating in the Exceptional Needs Program of the Ohio School Facilities Commission (the “Commission”), a building-specific health and safety-oriented program. See “ECONOMY AND EMPLOYMENT – 2007 Blanchard River Flood” and “OTHER SOURCES OF SCHOOL DISTRICT FUNDING – State Classroom Facilities Assistance” herein. The School District remains eligible for the Commission’s district-wide Classroom Facilities Assistance Program.

Enrollment

The School District does have open enrollment. The daily average enrollments for past school years, together with projected enrollments for future school years, are shown below.

Actual and Projected Enrollment Findlay City School District

Grade	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*	2011-12*	2012-13*
Pre-K	65	63	113	116	108	71	68	68
K	463	451	445	457	463	487	472	469
1	497	472	438	421	436	455	485	471
2	474	475	462	449	403	431	440	469
3	452	470	466	459	423	421	423	432
4	449	440	469	456	444	413	418	420
5	467	454	436	450	441	452	414	419
6	500	453	446	449	443	456	443	406
7	426	493	440	438	434	455	449	437
8	456	434	494	419	419	422	455	449
9	556	507	467	530	454	481	461	497
10	516	554	501	417	467	476	476	456
11	317	357	496	351	348	389	346	346
12	372	360	435	360	302	390	450	401
Career-Tech	530	544	472	544	538	633	633	626
Totals	6,540	6,527	6,580	6,316	6,123	6,432	6,433	6,366

Source: School District

*Projected, prepared in connection with the Commission's assessment practices.

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Open Enrollment

The School District began allowing open enrollment in 1997. The table below displays the net positive gain from open enrollment. School District officials expect that the open enrollment trends will stay the same in the next several years.

Enrollment Changes due to Open Enrollment Findlay City School District

School Year	Students Entering the School District	Students Exiting the School District	Net Change due to Open Enrollment
2004-05	201	65	+136
2005-06	220	109	+111
2006-07	201	95	+106
2007-08	217	149	+68
2008-09	223	136	+87
2009-10	190	209	-19*

*A contiguous school district, Liberty Benton Local School District, offered open enrollment for the first time this school year.

Community Schools

The School District serves as a sponsor of one community school established under Revised Code Chapter 3314, the Findlay Digital Academy which opened January, 2005. Findlay Digital Academy is a Conversion Community School that serves approximately 125 ninth through twelfth grade students living within the School District. The mission of the Findlay Digital Academy is to enhance and facilitate student learning by combining state-of-the-art digital curriculum with access to local school resources to complement instruction and prepare students to become lifelong learners and productive citizens.

The School District has approximately 60 students that choose to attend other community schools not affiliated with the School District. As with open enrollment, certain state funds provided for pupil support exit the School District with students who attend community schools. Likewise, the School District gains certain state pupil support funds as a result of the addition of students to the School District via open enrollment.

Educational Program

The School District offers a wide variety of programming. The School District provides preschool programs for special education students and traditional education students who serve as peer models. The School District implemented all-day, every-day kindergarten for students at no charge for the 2008-09 school year, in order to provide School District students a head start over students in other schools.

The School District offers special education services to its students as needed, including services related to cross categorical disabilities and the hearing impaired. The School District has a gifted program for advanced students starting with the third grade through high school. In 2005, the School District began the Findlay Digital Academy for Findlay High School students who might benefit from a learning environment that differs from the traditional classroom. The Findlay Digital Academy has been a useful dropout recovery tool as well as a method for high achieving students who wish to receive their diploma ahead of schedule.

The School District offers advance placement honors courses along with post secondary options that permit students to receive college credit. Findlay High School also offers a dual enrollment option in

physics in which students can receive college credit for the physics course taken at Findlay High School. The School District also operates a career tech school (Millstream) which offers courses such as culinary arts, engineering, welding, cosmetology, auto maintenance and many others.

The School District is dedicated to educating the community’s future work force. The School District reorganized its schedule to grow the amount of time spent on math from 40 minutes in 2006 to 76 minutes in 2007. The elementary schools will roll out “Growing with Mathematics” next year, a curriculum based on hands on exercises and real world experience.

The School District offers a diverse course of study to service its diverse population of students.

State Performance Standards

According to the Department, the Local Report Card acts as a catalyst for analysis of school improvement and excellence by reporting on the performance of school districts. The Local Report Card includes federal No Child Left Behind requirements, such as full building-level accountability, Adequate Yearly Progress (“AYP”), and separate data reporting for students with disabilities and limited English proficient students. Every school district, building, and community school receives one of the following State designations indicating the general level of performance based on its Local Report Card data:

- Excellent with Distinction;
- Excellent;
- Effective;
- Continuous Improvement;
- Academic Watch; and
- Academic Emergency.

The State Superintendent is required to establish an independent Academic Distress Commission (“ADC”) for any Academic Emergency school district that fails to meet AYP goals for four or more consecutive years. An ADC may exercise extraordinary authority over school district operations pursuant to Revised Code Section 3302.10, including the power to reassign or terminate administrators, override collective bargaining agreements and adopt a budget for school district expenditures.

The following table summarizes the School District’s Local Report Card measures. Further explanation of the measures and a breakdown of the School District’s performance on the State Indicators follows.¹

Local Report Card Summary, 2008-2009
Findlay City School District

Number of State Indicators Met	25
Performance Index Score	96.5
Adequate Yearly Progress	Not Met
Value-Added Measure	+ (Above)
Designation	Effective

Source: Ohio Department of Education

¹ This discussion of state performance standards is provided for the convenience of the reader and only summarizes the process by which the Department reaches its designation for school districts. For more information about state performance standards, including more detail about the School District’s performance, please see the Department’s website relating to state and local report card reporting at <http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=279>.

The four measures summarized below are the basis for assigning State designations.

1. Number of State Indicators Met: Twenty-eight of the thirty State Indicators are based on achievement tests and identify a minimum percentage of students that should be at or above the proficient level on third-, fourth-, fifth-, sixth-, seventh-, eighth-, tenth- and eleventh-grade tests. The remaining two State Indicators identify minimum graduation and attendance rates. The following table shows the School District's performance indicators. Any results at and above the State standard are shown in **bold**.

2008-2009 State Performance Indicators
Findlay City School District

Performance Indicator	State Standard	School District	Performance Indicator	State Standard	School District
3rd Grade Achievement			8th Grade Achievement		
1. Reading	75%	79.1%	15. Reading	75%	78.1%
2. Mathematics	75	80.7	16. Mathematics	75	81.3
4th Grade Achievement			17. Science	75	72.3
3. Reading	75%	88.3%	18. Social Studies	75	62.1
4. Mathematics	75	77.0	Ohio Graduation Test (10th Grade)		
5. Writing	75	89.9	19. Reading	75%	86.6%
5th Grade Achievement			20. Mathematics	75	85.1
6. Reading	75%	76.0%	21. Writing	75	92.5
7. Mathematics	75	65.3	22. Science	75	83.5
8. Science	75	78.1	23. Social Studies	75	83.3
9. Social Studies	75	63.6	Ohio Graduation Test (11th Grade)		
6th Grade Achievement			24. Reading	85%	96.7%
10. Reading	75%	82.5%	25. Mathematics	85	92.4
11. Mathematics	75	78.5	26. Writing	85	96.7
7th Grade Achievement			27. Science	85	91.6
12. Reading	75%	81.1%	28. Social Studies	85	91.9
13. Mathematics	75	83.3	29. <i>Student Attendance Rate</i>	93%	95.5%
14. Writing	75	80.9	30. <i>Graduation Rate</i> ¹	90%	87.9%

Source: Ohio Department of Education

2. Performance Index (PI): This measure records the achievement of every tested student, not just those who score proficient or higher. School districts earn points based on how well each student does on all tested subjects in grades 3-8 and the 10th Grade Ohio Graduation Test. Each achievement test has five performance levels: advanced, accelerated, proficient, basic, and limited. The School District's PI is a weighted score from 0 to 120 based on the number of students falling into each performance level. Students who are not tested earn zero points.

3. Value-Added Measure: This measure gauges the amount of academic improvement in the performance of students even though the School District may not have met the standard for student achievement. The Value-Added measure attempts to reflect student progress over time, whereas the State Indicators reflect student proficiency at a single point in time. The Value-Added measure is rated as follows:

+ (Above): school district has achieved more than one year of expected growth in student progress

¹ 2006-2007 Graduation Rate

✓ (Met): school district has achieved one year of expected growth in student progress

- (Below): school district has achieved less than one year of expected growth in student progress

A school district that achieves above expected growth in student progress for two consecutive years may increase its overall rating by one category.

4. **AYP:** The goal of the Department is for all students to reach the proficient level in reading and mathematics by 2013-2014. Until then, yearly goals are set requiring a specific percentage of students in 10 student groups, such as African American, Hispanic and White students, to reach proficiency in these subjects. For the school district to meet AYP, goals for each student group must be met. If any goal is missed, the school district does not meet AYP for the year.

Determining the State designation for a school district is a two-step process. First, the combination of the percentage of State Indicators met, PI, and AYP for a school district determine its preliminary designation as follows:

Indicators Met		Performance Index Score		AYP Status		Preliminary Designation
94%-100%	or	100 to 120	and	Met or Not Met	=	Excellent
75%-93.9%	or	90 to 99.9	and	Met or Not Met	=	Effective
0%-74.9%	or	0 to 89.9	and	Met	=	Continuous Improvement
50%-74.9%	or	80 to 89.9	and	Not Met	=	
31%-49.9%	or	70 to 79.9	and	Not Met	=	Academic Watch
0%-30.9%	and	0 to 69.9	and	Not Met	=	Academic Emergency

For the 2008-2009 year, the School District met 25 of the 30 State Indicators, scored a PI of 96.5, and did not meet its AYP. The School District's preliminary designation is Effective.

Once a school district's preliminary designation is determined, the value-added measure determines the school district's final designation as follows:

Preliminary Designation		Value-Added Measure	Final Designation
Excellent	and	Above expected growth for at least 2 consecutive years	Excellent with Distinction
		Otherwise no effect on rating	Excellent
Effective	and	Above expected growth for at least 2 consecutive years	Excellent
		Otherwise no effect on rating	Effective
Continuous Improvement	and	Above expected growth for at least 2 consecutive years	Effective
		Otherwise no effect on rating	Continuous Improvement
Academic Watch	and	Above expected growth for at least 2 consecutive years	Continuous Improvement
		Otherwise no effect on rating	Academic Watch
Academic Emergency	and	Above expected growth for at least 2 consecutive years	Academic Watch
		Otherwise no effect on rating	Academic Emergency

The School District's value added measure was + (Above) in 2008-2009. The School District's final designation for 2008-2009 was Effective.

National Standardized Test Scores

The following table sets forth ACT results for the 289 seniors who took the test and graduated from the School District in 2009.

ACT Scores for Seniors Graduating in 2009
Findlay City School District

	School District	State of Ohio	United States
ACT Score Composite	23.1	21.7	21.1
English	22.1	21.1	20.6
Mathematics	22.8	21.4	21.0
Reading	23.5	22.2	21.4
Science	23.2	21.7	20.9
Percent of students tested ready for college level courses			
English Composition	79%	72%	67%
Algebra	59	46	42
Social Science	67	58	53
College Biology	47	33	28
All 4 classes	37	26	23

Sources: College Board and School District

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Comparative Position of the School District

The following tables compare the School District with its similar district cohort (as defined by the Department) and the State average in the areas of sources of revenue, expenditures by category, and teacher statistics.

Sources of Revenue, 2007-2008

Findlay City School District
(Dollars per Pupil)

	School District	Similar Districts	State of Ohio
Local Funding	\$5,005.40	\$5,564.25	\$5,078.95
State Funding	4,024.27	3,708.02	4,412.37
Federal Funding	668.20	621.42	815.11

Source: Ohio Department of Education

Expenditures by Category, 2007-2008

Findlay City School District
(Dollars per Pupil)

	School District	Similar Districts	State of Ohio
Instruction	\$5,567.81	\$5,549.78	\$5,534.12
Building Operations	1,778.56	1,867.43	1,972.53
Administration	922.14	1,041.81	1,168.76
Pupil Support	859.13	949.90	1,008.28
Staff Support	342.28	301.58	306.98
Total Spending Per Pupil¹	\$9,469.92	\$9,710.50	\$9,990.67

Source: Ohio Department of Education

Teacher Statistics, 2007-2008

Findlay City School District

	School District	Similar Districts	State of Ohio
Teachers' Salaries			
Average teacher salary	\$50,061.27	\$55,047.10	\$54,210.35
Teaching experience			
0-4 years	24.80%	21.27%	21.11%
4-10 years	19.40	19.85	19.40
10 + years	55.80	58.88	59.49
K-12 Pupil-Teacher Ratio	17.88	18.63	19.48

Source: Ohio Department of Education

¹ Figures may not sum to total due to rounding.

ECONOMY AND EMPLOYMENT

Economic Development

The City serves as a regional hub, or “micropolitan” area for smaller communities in Northwest Ohio. Although the City has a nighttime population of 40,515, it is estimated to double in population during the day as it serves as a regional employment center and shopping center for smaller surrounding communities. It has a retail and employment base of over 300,000 people within a 30 mile radius. The greater Findlay area has consistently been listed in Site Selection Magazine’s top 25 communities for industrial/manufacturing growth (communities under 100,000 in population) over the past decade and was ranked 12th best micropolitan community in the United States for new and expanding facilities in 2009. The greater Findlay area recently received the honor of being named as one of the 100 Best Communities for Young People. Further, while surrounding county populations decreased between 2000 and 2008, according to March 2009 reports of the U.S. Census Bureau, the Findlay-Hancock County area experienced the greatest regional population growth from 2000 to 2008.

The City has a diverse industry base, with operations from 17 Fortune 500 companies in the greater Findlay area. Significant employers in the area, include Ball Metal, Dow Chemical, Bridgestone, Kohl’s Distribution, Best Buy Distribution, Findlay Publishing, and the City. In addition to Fortune 500 sized companies, the City has smaller companies operating in a number of diverse industries. TH Plastics, Inc., headquartered in Mendon, Michigan, will invest \$3.6 million and add 85 jobs to the local economy with the opening of a new manufacturing facility in January 2010. Several international manufacturers have operations in the City’s foreign trade zone 151, and the City is home to seven Japanese companies, two Canadian firms, and three German companies. A total of 14 Japanese companies are located within a 30 mile radius. Marathon Oil and Cooper Tire & Rubber have traditionally been anti-cyclical and have performed well during recessions, serving as a stabilizing factor for the local economy.

The City has completed several large infrastructure projects in recent years. \$4.5 million was spent widening County Road 236, improving access to the City’s industrial park as well as the big box retail establishments on the east side of the City. On the north end of the City, a \$3.8 million set of five tournament-level baseball fields were built, which complement last year’s \$2.3 million renovation of the neighboring ice rink facility. These two new recreation facilities create a premier competition-level sports complex in the City, which should help maintain the City’s ranking in Site-Selection Magazine as one of the most attractive smaller cities for companies.

In 2009, there were several additional developments in private industry in the greater Findlay area. Notable gains that can be credited in part, to the area’s excellent logistics and transportation infrastructure include: announcement of the new \$34 million Home Depot Distribution Center resulting in an additional 300 jobs for the County to be constructed in 2010; the \$100 million expansion of the CSX Intermodal Rail Yard just north of the City; and the expansion of the Tall Timbers Industrial Park business consortium.

The City’s local hospital, Blanchard Valley Hospital, has added a new \$95 million in-patient pavilion which is now open. In 2008, the Blanchard Valley Health System began construction of an \$11 million facility that will take up 4.2 acres and include outpatient imaging, a new women’s health center, and a new clubhouse for the Birchaven Estates assisted living center. The Blanchard Valley Health System recently opened a Wound Care Center specializing in the treatment of chronic, non-healing wounds that features the County’s only hyperbaric oxygen chamber.

2007 Blanchard River Flood

In August of 2007 the City suffered a 100 year storm, and experienced the worst flooding since 1913. The flood waters damaged many residences and buildings near the historical downtown area. However, City services and area residents were able to react quickly and positively. The City Fire Department successfully commanded and controlled over 40 area fire departments and agencies who responded. Later, the Fire Department's management of the flood incident would be recalled as "textbook" as they evacuated to safety over 3,000 residents, or approximately 8% of the City's population, without a single casualty. The American Red Cross opened a shelter with the City's help at the City's CUBE ice rink recreation facility, and the Police Department kept order in the City, minimizing crime in the area after the flood. The City Engineering Department responded quickly to the crisis by sandbagging the water treatment plant, defending the water supply for over 50,000 people. Other employees saved the City's rolling stock of loaders, dump trucks, police cars, engineering vehicles, communications equipment, and even sandbagged and pumped the basement of the City's Municipal Building.

Whereas the City's assets were relatively untouched by the flood (most of the equipment and buildings were completely saved from the flood or only minor damage was incurred), the School District experienced significant damage to eight properties: Central Middle School, Washington Intermediate School, Lincoln Elementary School, Wilson Vance Intermediate School, Northview Primary School, Findlay High School and the Transportation garage and offices as well as the softball shed of at the high school. The costs of repair, restoration and mitigation are anticipated to exceed \$3.5 million. Over \$3.3 million of the damage occurred at Central Middle School where the School District's administrative offices and records were located in the basement. At its August 27, 2007 meeting, the Board appropriated \$1.8 million to permit immediate cleaning and replacement of property damaged by the flood. Additionally financial assistance is expected from the Federal Emergency Management Agency (FEMA), which will pay for 75% of repair and replacement costs with the State providing for 12.5% of such costs and the School District covering the remaining expenses. Due to displacement resulting from the flood, the School District now leases facilities for educational purposes. Upon completion of the Project, two such leases will no longer be required and the School District will acquire title to the third leased property at the expiration of the lease term in 2014.

In the aftermath of the flood, the City and County have taken steps to address long term solutions to the flooding issue. The City council has permanently redirected 3% of income tax revenues to flood mitigation projects, amounting to almost \$600,000 annually. Voters of the County approved to continue collection of the 0.50% County sales and use tax in November 2009, half the proceeds of which will exclusively fund flood mitigation efforts. The City also entered into a contract with the U.S. Geological Survey to create a first-of-its kind mathematical model that will predict 24 hours in advance which areas will flood. Finally, there has been a group of community leaders organized, in cooperation with the Army Corps of Engineers, after the flood to spearhead efforts to build the permanent earthworks to eliminate flooding.

Labor Force Statistics

Labor force statistics specific to the School District are not available. The County information presented in this section is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the School District is representative of the County, or vice versa.

Calendar Year	Area Unemployment Rates (annual percentages)			Labor Force (in thousands)	
	Hancock County	State of Ohio	United States	Year	Hancock County
2003	5.2%	6.2%	6.0%	2003	38.7
2004	5.1	6.2	5.5	2004	39.4
2005	4.9	5.9	5.1	2005	40.1
2006	4.4	5.5	4.6	2006	41.2
2007	4.5	5.6	4.6	2007	41.5
2008	5.8	6.5	5.8	2008	41.4
2009 ¹	9.2	10.2	9.4	2009 ¹	41.4

Source: Ohio Department of Job and Family Services,
Bureau of Labor Market Information

Income Trends

Income Trends Findlay City School District

Fiscal Year	Average Daily Membership	Population	Median Age	Median Income	Total Personal Income
2008	5,992	37,492	37.6	\$46,597	\$1,747,014,724
2007	6,565	38,173	37.2	45,117	1,722,251,241
2006	6,571	39,118	37.2	45,117	1,764,886,806
2005	6,507	40,175	37.2	45,117	1,812,575,475
2004	6,388	39,421	37.2	45,117	1,778,557,257
2003	6,458	39,307	37.2	45,117	1,773,413,919
2002	6,468	39,193	37.2	45,117	1,768,270,581

Source: School District 2008 CAFR

¹ 2009 figures are year-to-date monthly averages through November 2009 and are not seasonally adjusted.

The following table lists the largest employers in the County.

Largest Employers
Hancock County

Rank	Firm	Workforce	Industry
1.	Blanchard Valley Health System*	2,200	Healthcare
2.	Cooper Tire & Rubber Co.*	2,040	Tire Manufacturing
3.	Whirlpool Corp. – Findlay Division	1,800	Appliance Manufacturing
4.	Marathon Petroleum Co., LLC*	1,524	Petroleum Products
5.	Consolidated Biscuit Co.	1,053	Baked Goods
6.	Findlay City Schools*	872	Education
7.	Nissin Brake Ohio Inc.*	831	Automobile Parts Manufacturing
8.	The University of Findlay*	719	Education
9.	Hancock County	632	Government
10.	Lowe’s Distribution Center	600	Retail Distribution
11.	Sanoh America*	459	Automobile Parts Manufacturing
12.	Kohl’s Distribution Center	450	Retail Distribution
13.	Filtech*	440	Automobile Parts Manufacturing
14.	City of Findlay	421	Government
15.	Walmart	380	Retail
16.	Ball Metal Beverage Packing Division	377	Beverage Container Manufacturing
17.	Best Buy Distribution	350	Retail Distribution
18.	The Right Thing	337	Employment Services
19.	Cummins Filtration*	320	Filtration Products Manufacturing
20.	Advanced Drainage System*	251	Plastics Manufacturing

Source: GreaterFindlayInc., July 2009

* Located in the School District.

SCHOOL DISTRICT PROPERTY TAX BASE

Ad Valorem Taxes and Assessed Valuation

Overview

For property taxation purposes, assessment of real property is performed on a calendar year basis by the elected County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility property and tangible personal property is performed by the State Tax Commissioner. Property taxes are billed and collected by the County Treasurer.

Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of that second year preceding the tax collection year. Beginning with the 2009 tax year, general business tangible personal property is no longer subject to tax.

Real Property

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner, except that real property devoted exclusively to agricultural use is assessed at not more than 35% of its current agricultural use value. Beginning in 2008, certain elderly or disabled resident homeowners may receive a flat \$25,000 property tax exemption on the market value of their homestead.

Ohio law requires the County Auditor, subject to supervision by the State Tax Commissioner, to adjust the true value of taxable real property every six years to reflect current fair market values. This “sexennial reappraisal” is done by individual appraisal of properties. In the third year following a sexennial reappraisal, the County Auditor, again subject to supervision by the State Tax Commissioner, performs a “triennial update” to adjust the value of taxable real property to reflect true values. The triennial update is done without individual appraisal of properties, but with reference to a sales-assessment ratio over the three-year period.

Personal Property

In 2005, the State accelerated its phase-out of the tangible personal property tax. The assessment percentages on tangible personal property under the phase-out are displayed in the following table:

Phase-Out Assessment Percentages on Tangible Personal Property

Tax Year	2005	2006	2007	2008	2009	2010	2011
Inventory	23%	18.75%	12.5%	6.25%	0%	0%	0%
Machinery, equipment, and all other business tangible	25%	18.75%	12.5%	6.25%	0%	0%	0%
Local telephone company property placed into use after 1995 and all long distance and cellular property	25%	25%	20%	15%	10%	5%	0%
Telephone company legacy property	67%	46%	20%	15%	10%	5%	0%

Source: Ohio Department of Taxation.

After 2011, tangible personal property will not be subject to tax.

Public utility tangible personal property – tangible personal property of electric utilities not used for transmission and distribution and all tangible personal property of gas utilities – was not included in the phase-out created by the State. All public utility tangible personal property is assessed at varying percentages of its true value depending on the type of property and type of utility.

The State currently reimburses School Districts for tax losses resulting from the phase-out of the tangible personal property tax. (See “SCHOOL DISTRICT PROPERTY TAX BASE – State Reimbursement of Property Tax Revenues”.)

Tax Abatements and Economic Development Incentives

Tax abatements are temporary property tax exemptions designed to stimulate economic growth or promote other activities deemed by the State to be in the public interest. Under Ohio law, tax abatements may be granted for urban renewal projects, community redevelopment corporations, community reinvestment areas, property acquired by municipal corporations engaged in urban redevelopment, enterprise zones, railroad property, and for any improvements declared to serve a “public purpose” in municipalities, townships, and counties.

Because the burden of tax abatements falls disproportionately on school districts due to their reliance on property taxes, the State has created safeguards that allow school districts to protect their interests. First, school district representatives sit on tax incentive review councils to monitor compliance with tax abatement agreements and make recommendations on abatements to the governmental entity involved. Second, a school district must be given advance notice of a planned abatement, and be allowed to comment on the abatement prior to its granting. Under certain circumstances, a board of education may “veto” a proposed tax abatement and/or negotiate an annual compensation payment. Finally, municipalities with an income tax in place must negotiate a compensation agreement with a school district if a tax abatement is expected to generate a significant amount of increased payroll to the area.

The School District has entered into several tax abatement compensation agreements related to abated property in the School District with an assessed value of approximately \$19,723,240.

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The tables below summarize the tax abated real property within the School District, based on the type of abatement (Ohio EPA & Community Reinvestment Area (CRA), and Tax Increment Financing (TIF)):

Summary of Ohio EPA and CRA Tax Abatements
Findlay City School District
(2008 Tax Year)

Property Owner	Abatement Type	Assessed Valuation	Tax Year Begin	Tax Year End
Back Smutz Roush LLC	CRA	\$ 87,670	2000	2009
Cooper Tire & Rubber Co	CRA	22,200	2006	2011
Findlay BEL Ltd (Two Parcels)	CRA	97,180	2004	2011
Findlay Development LLC	CRA	248,550	2002	2009
Kirk Warehouse (Two Parcels)	CRA	92,000	2003	2010
L Stacy Rental Properties LLC	CRA	147,230	2006	2009
Lariche Chevrolet Cadillac Inc	CRA	41,900	2009	2012
Lariche Properties	CRA	50,780	2003	2010
Mccracken Douglas & Lois	CRA	4,180	2006	2013
PJM Findlay LLC	CRA	48,590	2004	2011
Rooney & Assoc Real Estate LLC	CRA	45,580	2009	2018
Findlay Machine & Tool Inc	OHIO EPA	628,980	2002	2011
Total Ohio EPA & CRA Abatements		\$1,514,840		

Source: Hancock County Auditor

Summary of TIF Tax Abatements
Findlay City School District
(2008 Tax Year)

Property Owner	Abatement Type	Assessed Valuation	Tax Year Begin	Tax Year End
5 K Real Estate LLC	TIF	\$ 27,940	1994	2024
AHP-Crystal Glen II LLC	TIF	473,140	1994	2024
Baker Neil E	TIF	46,710	1994	2024
Biolife Plasma Services LP	TIF	288,660	1994	2024
Cascade Corporation	TIF	64,680	1994	2024
Cooper Tire & Rubber Co	TIF	438,960	1994	2024
Country Club Aces Inc	TIF	92,800	1994	2024
CRB Realty Ltd	TIF	181,920	1994	2024
Dreichen Ltd	TIF	8,140	1994	2024
Feasels Real Estate LLC	TIF	22,160	1994	2024
Findlay Two LLC	TIF	367,980	1994	2024
Findlex Corporation	TIF	493,690	1994	2024
First Klass Services Inc (Two Parcels)	TIF	54,580	1994	2024
Frederick John J	TIF	30,990	1994	2024
Gardner Philip D Rev Trust	TIF	5,330	1994	2024
Hancock Federal Credit Union	TIF	155,720	1994	2024
Hisan Inc	TIF	561,410	1994	2024
Hyway Warehousing Inc	TIF	1,243,790	1994	2024

Property Owner	Abatement Type	Assessed Valuation	Tax Year Begin	Tax Year End
K Sage	TIF	21,780	1994	2024
Kady Investment Group	TIF	558,180	1994	2024
L P Investment Co	TIF	953,260	1994	2024
Logistics Solutions Of Ohio LLC (Two Parcels)	TIF	37,600	1994	2024
Longberry Enterprises LLC	TIF	48,400	1994	2024
Majig Ltd	TIF	469,430	1994	2024
Molten Corp	TIF	272,390	1994	2024
Pedcor Investments-1997-XXVIII LP	TIF	1,105,340	1994	2024
Pehrson Properties Ltd (Two Parcels)	TIF	154,450	1994	2024
Roki of America Mfg Inc (Two Parcels)	TIF	716,910	1994	2024
Rowmark LLC	TIF	250,040	1994	2024
Schroeder Commercial Properties LLC	TIF	200,100	1994	2024
Sowers Michael E & Sowers Gary A	TIF	23,510	1994	2024
Sunnydale LLC	TIF	3,210	1994	2024
TLA	TIF	631,460	1994	2024
Toledo-Lucas County Port Authority	TIF	569,930	1994	2024
TTG Properties	TIF	67,310	1994	2024
United Ventures	TIF	130,000	1994	2024
Werk-Brau Company	TIF	501,830	1994	2024
Whitterra Company	TIF	743,510	1994	2024
Develvis Larry E	TIF*	3,140	2006	2036
Eastwynn Theatres Inc	TIF*	1,355,870	2005	2035
H I Heritage Inn of Findlay Inc	TIF*	129,070	2005	2035
OSF Real Estate LLC	TIF*	25,740	2005	2035
RLG Findlay-II Ltd & GCG Findlay-II Ltd (Seven Parcels)	TIF*	3,674,690	2005	2035
Walnut Center Ltd (Three Parcels)	TIF*	1,860	2006	2036
Whitson George M Trustee (Three Parcels)	TIF*	26,360	2005	2035
Whitson Hospitality LLC	TIF*	974,430	2005	2035
Total TIF Abatements		\$18,208,400		

Source: Hancock County Auditor

* TIF which includes compensation payments to the School District.

Assessed Valuation

The following table classifies the School District's taxable property according to use:

Assessed Valuation (2010 Collection Year)

Property Classification	Amount	Percent of Total Assessed Valuation
<i>Real Estate</i> ¹		
Residential/Agricultural	\$617,552,820	76.63%
Commercial/Industrial/Mineral	166,614,240	20.67
Public Utility Real	<u>102,770</u>	<u>0.03</u>
Total Real Estate	\$784,269,830	97.33%
<i>Personal Property</i> ²		
General	\$ 0	0%
Public Utility Personal	<u>21,541,150</u>	<u>2.67</u>
Total Personal	\$21,541,150	2.67%
Total Assessed Valuation	\$805,810,980	100.00%

Source: Hancock County Auditor

Growth in School District Assessed Valuation

Tax Collection Year	Assessed Valuation	Percent Increase Over Prior Year
2003	792,099,947	--
2004	789,924,174	-0.27%
2005 ³	853,697,868	8.07
2006	833,161,453	-2.41
2007	816,272,478	-2.03
2008 ⁴	823,018,100	0.83
2009	801,827,020	-2.57
2010	805,810,980	0.50%

Source: Hancock County Auditor

¹ Real property taxes collected in a calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Real property is assessed at 35% of market value and reappraised every six years, with triennial updates every three years.

² Tangible personal property taxes collected in a calendar year are levied in the same calendar year, on assessed values during and at the close of the most recent fiscal year of the taxpayer (ending on or before March 30 of said calendar year) at tax rates determined in the preceding year.

³ Year of sexennial reappraisal

⁴ Year of triennial update

Largest Taxpayers

The following tables list the largest real estate and public utility taxpayers in the School District. Percentage of total assessed valuation is based on a total assessed valuation of \$801,827,020 for collection year 2009.

Largest Taxpayers 2009 Collection Year

Real Estate Taxpayers

Name	Type of Business	Assessed Valuation	Percent of School District's Total Assessed Valuation
Marathon Oil Co.	Petroleum Products	\$10,646,930	1.33%
Cooper Tire & Rubber Co.	Tire Manufacturer	8,950,190	1.11
Findlay Shopping Center, Inc.	Retail	6,460,380	0.80
Logistics Solutions of Ohio, LLC.	Distribution Center	3,844,010	0.48
Lowe's Home Centers, Inc.	Retail	2,348,110	0.29
L P Investment Co.	Metal Stamping	2,285,420	0.28
Gardner, Philip	Molded Auto Plastics	1,933,310	0.24
Massillon Apartments	Apartment Residences	1,858,540	0.23
Arbors of Findlay	Apartment Residences	1,786,680	0.22
Dow Chemical Co.	Plastics Manufacturer	1,650,640	0.21

Public Utility Taxpayers

Name	Type of Business	Assessed Valuation	Percent of School District's Total Assessed Valuation
Ohio Power Company	Electricity	\$16,746,400	2.08%
Columbia Gas of Ohio, Inc.	Natural Gas	2,580,120	0.32
Hancock-Wood Electric Co-op, Inc.	Electricity	976,920	0.12
Norfolk Southern Combined RR	Railroad	152,760	0.01
Columbia Gas Transmission Corp.	Pipeline Company	122,850	0.01

Source: Hancock County Auditor

School District History of Voted Taxes

The table below provides the 20-year history of voted taxes in the School District. Issues listed in **bold** were passed by the voters.

School District History of Voted Taxes Findlay City School District

Election Date	Levy or Bond Issue Description	% Voting For	% Voting Against
November 3, 2009	\$54,195,000 School Facilities Construction & Improvement Bonds	51.32%	48.68%
August 4, 2009	\$54,195,000 School Facilities Construction & Improvement Bonds	46.53	53.47
November 4, 2008	5.90 Mill Operating Levy – 5 years	59.38	40.63
May 8, 2007	4.90 Mill Operating Levy – 5 years	56.97	43.03
May 2, 2006	2.50 Mill Permanent Improvement Levy Continuing	52.04	47.96
November 2, 2004	4.90 Mill Operating Levy – 3 years	54.52	45.48
November 4, 2003	5.90 Mill Operating Levy – 5 years	64.08	35.92
May 6, 2003	\$39,000,000 School Facilities Construction & Improvement Bonds	37.72	62.28
November 3, 1998	5.90 Mill Operating Levy – 5 years	58.73	41.27
November 8, 1994	5.90 Mill Operating Levy – 5 years	50.36	49.64
May 3, 1994	4.50 Mill Operating Levy – 5 years	41.67	58.33
May 3, 1994	1.40 Mill Permanent Improvement Levy - Continuing	47.27	52.73
May 4, 1993	4.90 Mill Operating Levy - Continuing	56.91	43.09
February 6, 1990	4.90 Mill Operating Levy – 3 years	49.11	50.89
May 8, 1990	4.90 Mill Operating Levy – 3 years	50.41	49.59
May 2, 1989	\$9,850,000 Building and Improvements Bonds	42.38	57.62
November 7, 1989	1.00 Mill Permanent Improvement Levy – 5 years	59.52	40.48
November 7, 1989	8.00 Mill Operating Levy - Continuing	38.30	61.70
February 4, 1986	4.75 Mill Operating Levy - Continuing	50.37	49.63

The School District anticipates asking the voters to approve the conversion of two existing levies approved and authorized under Revised Code Section 5705.21 to a "Conversion Levy" authorized under Revised Code Section 5705.219. The existing levies that the School District intends to convert include the five-year, 5.9 mill operating levy approved on November 4, 2008, and the five-year, 4.9 mill operating levy approved on May 8, 2007. Both levies will be placed on the ballot to be approved for a continuing period of time. The School District anticipates seeking such approval in 2012.

School District Tax Rates and Collections

The following are the rates (in mills per \$1.00 of assessed valuation) at which the Board levied ad valorem taxes for the general categories of purposes in recent years (without the reduction factor discussed below).

School District Tax Rates Findlay City School District

Collection Year	Operating ¹	Debt Retirement	Permanent Improvement	Total
2004	53.35	0.00	0.00	53.35
2005	58.25	0.00	0.00	58.25
2006	58.25	0.00	0.00	58.25
2007	58.25	0.00	2.50	60.75
2008	58.25	0.00	2.50	60.75
2009	58.25	0.00	2.50	60.75
2010	58.25	3.43	2.50	64.18

Source: Ohio Department of Taxation

The total School District operating millage of 58.25 mills for collection year 2010 includes voted operating levies of 52.95 mills, of which 42.15 mills were approved by the School District electorate for a continuing period of time and which do not require a renewal vote. The balance of 5.30 mills constitutes the School District's mandated share of the ten mills authorized to be levied without a vote of the electors of the School District (See "SCHOOL DISTRICT DEBT AND DEBT LIMITATIONS – Statutory Debt Limitations Generally.")

The following table identifies the historical tax collections for the School District:

School District Tax Collections Findlay City School District

Tax Collection Year	Assessed Valuation	Taxes Levied	Taxes Collected (including delinquent taxes)	Collection Rate
2003	\$ 792,099,947	\$30,792,560.00	\$28,723,238.00	93.3%
2004	789,924,174	29,022,363.00	26,725,201.00	92.1
2005	853,697,868	35,206,439.00	32,086,496.00	91.1
2006	833,161,453	34,385,961.00	30,964,016.00	90.0
2007	816,272,478	34,882,072.00	31,618,809.00	90.6
2008	823,018,100	30,468,923.00	29,845,510.00	98.0
2009	801,827,020	N/A	N/A	N/A

Source: Hancock County Auditor

Property Tax Rate Calculations

State law has a "reduction factor" mechanism that is intended to negate increases in taxes resulting from increases in the true value of real property due solely to inflation. Legislation

¹ Includes inside millage and outside (voted) millage

implementing a 1980 constitutional amendment classifies real property as either (1) residential and agricultural or (2) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class.

Statutory procedures limit the amount realized by each taxing subdivision from real property taxation, by the application of a tax reduction factor, to the amount realized from those taxes in the preceding year plus: (i) the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year, and (ii) amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year. Such limitations are expressly inapplicable to amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service charges or emergency school levies, and from taxes levied inside the ten-mill limitation or any applicable municipal charter tax rate limitation. Further, such limitations will not reduce operating millage for school districts below 20 mills or for joint vocational school districts below 2 mills.

A reduction factor is computed for each separate levy that is subject to the limitation. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate at which real property taxes are in fact collected. Real property tax amounts are further reduced by an additional 10% (12-1/2% in the case of certain owner-occupied residential property) or a flat, \$25,000 reduction in taxable value applicable to certain elderly or disabled resident homeowners. See “SCHOOL DISTRICT PROPERTY TAX BASE – State Reimbursement of Property Tax Revenues” for a discussion of reimbursement by the State for these reductions.

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Ad Valorem Tax Levies

The following table presents certain information concerning the Board's ad valorem tax levies:

Ad Valorem Tax Levies
Findlay City School District
Current Millage Rates (2010 Collection Year)

Year Voted	Authorized Mills	Rate Levied for Current Collection Year ¹	
		Residential/ Agricultural	Commercial/ Industrial
1976 ²	28.10	7.743207	16.540418
1980	4.40	1.438725	2.787734
1986	4.75	2.241867	4.085000
1993	4.90	3.003023	4.396804
2007	4.90	4.674624	4.686325
2009	5.90	5.900000	5.900000
Total Voted Operating Millage	52.95	25.001446	38.396281
Inside (Unvoted) Millage	5.30	5.300000	5.300000
Voted Bond Retirement Millage	3.43 ³	3.430000	3.430000
Permanent Improvement Millage	2.50	2.383207	2.390982
Total Rate	64.18	36.114653	49.517263

Source: Hancock County Auditor

Repeal of Property Tax Levies

Each operating tax levy approved for a continuing period is subject to decrease through a statutory referendum procedure requiring (1) a petition signed by qualified electors of the School District equal in number to those who voted in the last governor's race (to be filed at least 75 days before the general election in any year) stating the amount of the proposed decrease and (2) the approval of the decrease by a majority vote at the general election with the decrease to commence at the expiration of the then current year. No petition has been filed with respect to any existing current expense tax levy of the School District.

If such a petition is filed and subsequently approved by the electors of the School District, under Revised Code Section 5705.261, the Board must continue to levy and collect such amount as will be sufficient to pay the principal of and interest on any notes in anticipation of an increased rate of levy approved for a continuing period of time.

¹ This is the "effective rate." The effective tax rates may be less than the authorized rates listed in the first column. See "FINANCES OF THE SCHOOL DISTRICT - Property Tax Rate Calculations."

² Ohio Department of Taxation does not report the years in which operating levies approved prior to 1976 were voted, thus operating levies approved prior to 1976 are aggregated in this line.

³ The estimated ballot millage for the Bonds was 4.30 mills but 3.43 mills is the actual amount being levied. The ballot millage of 4.30 mills is an estimate, not a cap.

Total Property Tax Burden

The following table displays the total effective tax rates levied on property located in the School District. In addition to the 60.75 mills levied by the School District for collection year 2009, properties in the School District are subject to a county tax levy and a Hancock County Park District levy.

Ad Valorem Tax Levies
Findlay City School District
(mills per \$1.00 of assessed valuation; 2009 Collection Year)

Location of Property to be Taxed	Taxing Authority					Total	Effective Rates	
	School District	County	Park District	Township	Other ¹		Residential & Agricultural	All Other
City of Findlay	60.75	7.80	0.80	--	3.20	72.55	43.091134	57.176436
Liberty Township	60.75	7.80	0.80	3.20	--	72.55	43.091134	57.176436
Marion Township	60.75	7.80	0.80	2.50	--	71.85	42.391134	56.476436

Source: Ohio Department of Taxation

State Reimbursement of Property Tax Revenues

Rollback and Homestead Exemption Reimbursement

The State reimburses taxing districts, including school districts, for decreased tax revenues due to (a) the 10% reduction or “rollback” in non-commercial property taxes, (b) the 2-1/2% reduction applicable to owner-occupied housing, and (c) the flat, \$25,000 reduction in taxable value applicable to certain elderly or disabled homeowners. Such reimbursements are subject to repeal or revision by the State.

Public Utility Property Tax Loss Reimbursement

In tax year 2001, changes took effect which reduced the assessment percentages applicable to electric generation and natural gas tangible personal property, thereby reducing the amount of tangible public utility property tax revenue collected by taxing districts. In order to replace the taxes no longer received due to the lower assessment percentages, State consumption taxes on electricity and natural gas were enacted in 1999 and 2000, respectively.

Funds received by school districts from the State Foundation Program (“State Aid”) are determined by a complex funding formula (see “OTHER SOURCES OF SCHOOL DISTRICT FUNDING – State Foundation Program” for further discussion). Under this funding formula, decreases in property tax revenues generally result in an increase in State Aid, but such increase is not sufficient to completely offset the decrease in a school district’s revenues due to the reduction in the assessment percentages of public utility property. As a result, the Department has calculated an “offset” since 2002 that provides funds to a school district such that the school district realizes no loss in revenues due to the reduction in assessment percentages of public utility property (the “Public Utility Property Tax Loss Reimbursement”). If the increase in State Aid paid to the school district between fiscal year 2002 and the current fiscal year is greater than the inflation-adjusted loss attributable to the reduced assessment percentages for the same time period, no further reimbursement payments are made to the school district. No Public Utility Property Tax Loss Reimbursement will be made after 2016.

¹ “Other” includes any taxes levied by the City.

Tangible Personal Property Tax Loss Reimbursement¹

The State reimburses certain taxing districts for the loss of tax revenues due to the phase-out of the tax on general business tangible personal property, and on the tangible personal property belonging to telephone, telegraph, and interexchange companies (the “Tangible Personal Property Tax Loss Reimbursement”; see “Ad Valorem Taxes and Assessed Valuation – Personal Property,” above). In order to replace a portion of the lost revenue, a commercial activity tax was enacted in 2005 and is imposed on gross receipts, including receipts of services, in the State. The Tangible Personal Property Tax Loss Reimbursement applies to levies that were in effect for the collection of tangible personal property taxes for Tax Year 2004, Tax Year 2005, and any levies first collected in Tax Year 2006 that were approved by voters prior to September 1, 2005 (“Qualifying Levies”).

The Tangible Personal Property Tax Loss Reimbursement uses Tax Year 2004 as a base year to calculate the amount of property tax revenue lost from the tangible personal property phase-out in each subsequent tax year. Fixed-rate levies are reimbursed as a percentage of the sum of the product of qualified levies and the Tax Year 2004 valuation of tangible personal property (the “Base Year Amount”) according to the table below:

**Percent of Base Year Amount of Revenue to School Districts
by Tax Year and Class of Property – Fixed-Rate Levies**

	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11, 12 and 13
Inventory Reimbursement	106.5%	104.9%	96.1%	85.0%	73.9%	73.9%
Manufacturing M & E	100.0	100.0	100.0	100.0	100.0	100.0
Telephone Company Property	100.0	104.0	129.0	96.4	119.5	101.9
All Other Property	100.0	100.0	100.0	100.0	100.0	100.0

Beginning in FY 2014, the State will offset any Tangible Personal Property Tax Loss Reimbursement payments to school districts by the funding formula increase in State Aid resulting from decreased assessed valuation due to the tangible personal property phase-out.

The Tangible Personal Property Tax Loss Reimbursement operates in a different manner with respect to fixed-sum levies. Under existing levy law, a drop in valuation triggers an increase in tax rates for fixed-sum levies. The Tangible Personal Property Tax Loss Reimbursement with respect to Qualifying Levies that are of a fixed sum (“Qualified Fixed-Sum Levies”) serves to limit such increase to taxpayers resulting from the tangible personal property phase-out to one-half mill. If the aggregate millage of a school district’s Qualified Fixed-Sum Levies times the decrease in assessed valuation resulting from the tangible personal property phase-out exceeds one-half mill of total assessed valuation in the tax year being considered (the “One-Half Mill Threshold”), the State will reimburse the school district 100% of the amount in excess of the One-Half Mill Threshold for the life of the levy.

The State offsets any Tangible Personal Property Tax Loss Reimbursement payments to school districts by the funding formula increase in State Aid resulting from decreased assessed valuation due to the tangible personal property phase-out.¹

¹ This section only provides a brief summary of the State’s Tangible Personal Property Tax Loss Reimbursement procedures. Please see the Department of Taxation’s website at http://tax.ohio.gov/divisions/personal_property/PPT_law_changes_070303.stm for further information.

OTHER SOURCES OF SCHOOL DISTRICT FUNDING

School Foundation Program

The State assists public school districts under a statutory program that includes the School Foundation Program.² School Foundation Program funds distributed to a school district are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose. Payments made pursuant to the School Foundation Program are expected to increase due to the projected increase in need resulting from the accelerated phased elimination of the tax on tangible personal property. State reimbursement of property tax losses paid to school districts will be reduced by this increase, if any, in School Foundation Program receipts. (See “SCHOOL DISTRICT PROPERTY TAX BASE – State Reimbursement of Property Tax Revenues.”)

Basic eligibility for School Foundation Program payments is based on a school district’s compliance with State-mandated minimum standards. The School District is in compliance with those standards and has no reason to believe it will not remain in compliance.

The State also assists school districts by funding the School District Solvency Assistance Fund (the “Solvency Fund”). Created within the Solvency Fund is the School District Shared Resource Account and the Catastrophic Expenditures Account. A school district must be in a state of “fiscal emergency” to qualify for assistance and grants from the School District Shared Resource Account. A school district may qualify for assistance and grants from the Catastrophic Expenditures Account if the school district suffers an unforeseen catastrophic event that severely depletes the financial resources of the school district. School districts receiving assistance and grants from the Solvency Fund are required to repay such advances no later than the end of the second fiscal year following the fiscal year in which they received the assistance and grants, and if they fail to do so, the State will repay the Fund from amounts the school district would otherwise receive pursuant to the School Foundation Program. The School District does not have any outstanding advances from the Solvency Fund. The Solvency Fund, with the exception of the Catastrophic Expenditures Account, evolved from statutes declared unconstitutional in DeRolph. (See “LITIGATION – School Funding Litigation.”)

State Classroom Facilities Assistance

The Ohio School Facilities Commission (the “Commission”) was created in 1997 to administer the provision of financial assistance to Ohio school districts for the acquisition or construction of classroom facilities in accordance with Revised Code Chapter 3318. Revised Code Chapter 3318 provides for several different school facilities assistance programs involving financial assistance from the State. These programs include the Classroom Facilities Assistance Program, the Exceptional Needs School Facilities Assistance Program, and the Expedited Local Partnership Program. Each of these programs provides State funding for all or a portion of qualifying school facilities projects based on financial tests, inadequate facilities, or a combination of the two. Participation in these programs also requires the school district to commit to adhere to Commission requirements for project construction.

¹ For a detailed description of the Department’s methodology for calculating the offset, please see <http://education.ohio.gov/GD/Templates/Pages/ODE/ODEDetail.aspx?page=3&TopicRelationID=1001&ContentID=35704&Content=55196>

² The Supreme Court of Ohio has declared the School Foundation Program unconstitutional. See “LITIGATION - School Funding Litigation”.

Exceptional Needs School Facilities Assistance Program

Under the Exceptional Needs School Facilities Assistance Program (the “Exceptional Needs Program”), the Commission may set aside from moneys annually appropriated to it for classroom facilities assistance projects up to twenty-five percent (25%) of such appropriation for assistance to school districts with exceptional needs for immediate classroom facilities assistance. A “school district with exceptional needs for immediate classroom facilities assistance” is a school district ranked in the first through seventy-fifth percentiles of the Equity List, or a large land area, with an exceptional need for new facilities in order to protect the health and safety of all or a portion of its students. Just as with the Facilities Program, once approved by the Commission, a school district may meet its local share obligation of the project covered by the Exceptional Needs Program via bonds or other local resources. In the event that a school district chooses to meet its local share obligation via bonds, the school district must only issue bonds in an amount equal to the required percentage of basic project cost, which is different from the Facilities Program.

As with the Facilities Program, the Exceptional Needs Program requires a school district to satisfy the maintenance obligation.

On August 18, 2009, the State Controlling Board approved the School District’s participation in the Exceptional Needs Program with \$39,122,281 as the local share and \$18,410,485 as the State share. The School District has determined to meet its local share by issuing the Bonds. The School District has determined to meet its maintenance obligation by earmarking a portion of its 2.50 mill permanent improvement levy approved by voters of the School District on May 2, 2006.

School District Income Tax

Under Ohio law, a school district, with the approval of the voters, may impose an income tax for the purpose of providing additional funds for the operation of the school district. The tax may be imposed upon the income of individuals residing in the school district and estates of decedents who at the time of their death were residents of the school district; or solely upon the earned income of individuals residing in the school district. Such selection must be made by the board of education prior to submission of the question of an income tax to the board of elections and be clearly stated on the election ballot. The tax may be imposed either for a specified number of years or for a continuing period of time. If the tax is imposed for a period in excess of five years, the voters of the school district may, by majority vote, repeal the tax, provided that a proposal to repeal the tax may not be initiated more than once in any five-year period.

The School District does not currently levy an income tax on its residents.

SCHOOL DISTRICT DEBT AND DEBT LIMITATIONS

Statutory Debt Limitations Generally

The School District may issue voted general obligation bonds, and notes issued in anticipation thereof, pursuant to a vote of the electors of the School District. Ad valorem taxes, without limitation as to amount or rate, assessed to pay debt service on voted bonds are authorized by the electors at the same time they authorize issuance of the bonds. Such voted debt is subject to the direct debt limitations but is not subject to the indirect debt limitation. Voted obligations may also be issued by certain overlapping subdivisions.

General obligation bonds and notes issued in anticipation thereof, may also be issued by the School District (and certain overlapping political subdivisions, such as Hancock County) without a vote of the electors. Unvoted debt is subject to both the direct and indirect debt limitations.

A political subdivision's debt limitations are based on its "tax valuation," which is the aggregate of the valuations of real property, personal property, and public utility property that is subject to ad valorem property taxation. For school districts, tax valuation is calculated in accordance with R.C. 133.01(PP) and excludes the valuation of tangible personal property used in business, telephone or telegraph property, interchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations.

Direct Debt Limitations

Revised Code Section 133.06 provides that, exclusive of certain "exempt debt" (discussed below), the net principal amount of unvoted general obligation debt of a school district may not exceed the following percentages of a School District's tax valuation: (a) for permanent improvements generally, one-tenth of one percent (0.10%); and (b) for qualified energy conservation projects under Revised Code Section 133.06, nine-tenths of one percent (0.90%). Revised Code Section 133.06 also provides that the net principal amount of both voted and unvoted general obligation debt of the School District may not exceed 9% of a school district's tax valuation, except in the specific situations discussed below. These two limitations, referred to as "the direct debt limitations," may be amended from time to time by the State.

Revised Code Section 133.06 further provides that bonds shall not be submitted to popular vote in an amount which will make the net indebtedness after the issuance of such bonds exceed 4% of a school district's tax valuation, unless the school district obtains the consent of the State Superintendent (acting under policies adopted by the State Board of Education) and the Tax Commissioner (acting under written policies of said Tax Commissioner). Revised Code Section 133.06(I) permits school districts to incur net indebtedness in excess of the 4% consent or 9% limitation when necessary to fund the Commission-required local effort.¹

Exempt Debt

The Revised Code provides that certain debt a school district may issue is exempt from direct debt limitations ("exempt debt"). Exempt debt includes, among other things, bonds payable from school district income taxes under Revised Code Section 3318.052(E); notes issued in anticipation of the collection of current revenues; notes issued for qualified energy savings projects under Revised Code Section 3313.372; and certain bonds issued for school construction purposes following declaration of an emergency. Notes issued in anticipation of "exempt" bonds also are exempt debt. In calculating debt subject to the direct debt limitations, the amount of money in a school district's bond retirement fund allocable to the principal amount of non-exempt debt is deducted from gross non-exempt debt.

Indirect Debt Limitation

Unvoted general obligation bonds and bond anticipation notes cannot be issued by the School District unless the tax required to be imposed on taxable property in the School District for the payment of the debt service on (a) such bonds (or the bonds in anticipation of which notes are issued), and (b) all outstanding unvoted general obligation bonds (including bonds in anticipation of which notes are issued) of the combination of overlapping taxing subdivisions in the School District resulting in the highest tax

¹ Commission-required local effort includes a school district's local share and required locally funded initiatives, but does not include school district-desired locally funded initiatives.

rate required for such debt service, in any one year, is ten mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of which is commonly referred to as the “ten-mill limitation”, is imposed by a combination of the provisions of Article XII, Sections 2 and 11 of the Ohio Constitution and Revised Code Section 5705.02.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by all overlapping taxing subdivisions without a vote of the electors. The ten mills which may be levied without a vote of the electors is in fact levied, collected and allocated among the School District and its overlapping taxing subdivisions for general fund purposes pursuant to a statutory formula.

This “inside” millage allocated to each overlapping taxing subdivision is required by present Ohio law to be used first for the payment of debt service on unvoted general obligation debt of the subdivision, unless provision has been made for its payment from other sources. The balance of the millage is available for other purposes of the subdivision. Thus, to the extent this inside millage is required for debt service of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision or to other such overlapping subdivisions for general fund purposes is reduced.

A subdivision’s allocation of inside millage can be exceeded only in the event it is required for the payment of debt service on its unvoted general obligation debt and, in that case, the inside millage allocated to the other overlapping subdivisions would be reduced proportionally to bring the aggregate levies of inside millage down to ten mills.

In case of notes issued in anticipation of the issuance of unvoted general obligation bonds, the highest annual debt service estimated for the bonds anticipated by the notes is used to calculate the millage required.

The ten-mill limitation applies to all unvoted general obligation debt even if debt service on some of such debt is expected to be paid in fact from special assessments, utility earnings or other sources.

In calculating whether or not unvoted debt to be issued by the School District is within the ten-mill limitation, it is necessary to determine the total outstanding debt service requirements within the ten-mill limitation of all the taxing subdivisions overlapping the School District.

According to figures maintained by the Ohio Municipal Advisory Council, 4.75422 mills of the School District’s ten-mill limitation remain available.

Bond Anticipation Notes

Under Ohio law, notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, principal maturities that would have been required if bonds had been issued at the expiration of the initial five-year period. The last maturity of any bonds issued to refund general obligation bond anticipation notes may not be later than the year of last maturity permitted by law for the bonds anticipated.

As of the date of this Official Statement, none of the debt of the School District is in the form of general obligation bond anticipation notes.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes, the proceeds of the sale of the bonds anticipated by such notes, from other available funds of the School District, or from a combination of these sources.

The ability of the School District to retire its outstanding bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing. Under present Ohio law, there is no ceiling on the annual interest rate permitted on general obligation notes and bonds of school districts.

School District Debt Currently Outstanding

As of February 4, 2010 the School District has the following issues of bonds and notes outstanding:

Outstanding Debt
Findlay City School District

Issue	Dated Date	Final Maturity	Balance Outstanding February 4, 2010
\$286,462 Asbestos Removal Loan	January 1, 1993	December 1, 2011	\$ 16,124.48
\$553,525 Asbestos Removal Loan	January 1, 1994	December 1, 2012	57,133.31
\$1,105,119 Asbestos Removal Loan	January 1, 1995	December 1, 2013	184,186.50
The Series 2010A Bonds	February 4, 2010	December 1, 2017	217,134.65
The Series 2010B Bonds	February 4, 2010	December 1, 2037	53,975,000.00
Total			<u>\$54,449,578.94</u>

Source: School District

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Debt Service Requirements

The following schedule presents the School District's actual debt service requirements:

Debt Service Requirements Findlay City School District

Year	<u>Prior Obligations</u>		<u>The Bonds</u>		Total Debt Service
	Principal	Interest	Principal	Interest ¹	
2010	\$108,061.44	--	\$850,000.00	\$2,386,011.38	\$3,344,072.82
2011	87,987.35	--	900,000.00	2,884,060.00	3,872,047.35
2012	61,396.00	--	1,130,000.00	2,873,260.00	4,064,656.00
2013	--	--	1,205,000.00	2,853,485.00	4,058,485.00
2014	--	--	1,220,000.00	2,825,770.00	4,045,770.00
2015	--	--	1,245,000.00	2,788,560.00	4,033,560.00
2016	--	--	1,395,000.00	2,743,740.00	4,138,740.00
2017	--	--	687,134.65	3,434,410.35	4,121,545.00
2018	--	--	1,450,000.00	2,666,335.00	4,116,335.00
2019	--	--	1,555,000.00	2,600,360.00	4,155,360.00
2020	--	--	1,600,000.00	2,527,275.00	4,127,275.00
2021	--	--	1,650,000.00	2,449,675.00	4,099,675.00
2022	--	--	1,835,000.00	2,367,175.00	4,202,175.00
2023	--	--	1,895,000.00	2,272,672.50	4,167,672.50
2024	--	--	1,960,000.00	2,172,237.50	4,132,237.50
2025	--	--	2,030,000.00	2,065,417.50	4,095,417.50
2026	--	--	2,105,000.00	1,951,737.50	4,056,737.50
2027	--	--	2,190,000.00	1,825,437.50	4,015,437.50
2028	--	--	2,275,000.00	1,694,037.50	3,969,037.50
2029	--	--	2,360,000.00	1,557,537.50	3,917,537.50
2030	--	--	2,455,000.00	1,415,937.50	3,870,937.50
2031	--	--	2,555,000.00	1,262,500.00	3,817,500.00
2032	--	--	2,655,000.00	1,102,812.50	3,757,812.50
2033	--	--	2,765,000.00	936,875.00	3,701,875.00
2034	--	--	2,875,000.00	764,062.50	3,639,062.50
2035	--	--	2,995,000.00	584,375.00	3,579,375.00
2036	--	--	3,115,000.00	397,187.50	3,512,187.50
2037	--	--	<u>3,240,000.00</u>	<u>202,500.00</u>	<u>3,442,500.00</u>
Total	<u>\$257,444.79</u>		<u>\$54,192,134.65</u>	<u>\$55,605,444.23</u>	<u>\$110,055,023.67</u>

Source: School District

¹ Includes the gross interest on the Bonds without deduction for the credit equal to 35% of the stated interest paid on the Series 2010B Bonds that the School District expects to receive from the Treasury pursuant to Section 6431 of the Code. The total amount of the expected 35% credit to be paid through maturity of the Series 2010B Bonds is \$19,200,152.61. The School District is uncertain at this time how the interest subsidy payments will be used. It is likely that the School District will use the subsidy payments to pay interest due on the Bonds in order to ensure that millage collected for the Bonds is not in excess of the ballot millage of 4.3 mills. Any excess amounts of subsidy payments not necessary to reduce debt service to such millage level are expected to be deposited into the School District's General Fund or Permanent Improvement Fund.

Upon issuance of the Bonds all the bonds authorized by the electors will have been issued.

The School District is not and has not been in default in the payment of debt service on any of its general obligation bonds or notes.

Overlapping Subdivision Indebtedness

In addition to the School District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding bonded indebtedness of such political subdivisions (excluding any payments to be made on or after February 4, 2010 and excluding debt payable primarily from enterprise revenues) is as follows:

Overlapping Debt Findlay City School District			
Overlapping Units	Estimated Outstanding Debt ¹	Percent Applicable to School District	Estimated Amount of Overlapping Debt
Hancock County	\$3,879,000	51.63%	\$2,002,728
City of Findlay	10,150,000	88.41	8,973,615
Total			<u>\$10,976,343</u>

Source: OMAC

The following table shows the per capita debt of the residents in the School District based upon the 2006 OMAC estimate of 38,990 people residing in the School District, the above overlapping indebtedness figures and the School District debt shown above, including the Bonds:

Debt Per Capita Findlay City School District	
School District Debt, per capita	\$1,396.50
Overlapping Debt, per capita	281.51
Total Debt, per capita	<u>\$1,678.01</u>

Source: OMAC and School District calculations

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¹ Excluding special assessment and self-supporting debt.

Debt Capacity Analysis

The following table provides an analysis of the School District's debt capacity as of February 4, 2010. The School District's tax valuation is calculated in accordance with R.C. 133.01(PP) and is based on Collection Year 2010 data provided by the Department.

Debt Capacity		
Findlay City School District		
A.	Tax Valuation	\$805,810,980.00
B.	Total Debt, including the Bonds	54,449,578.94
C.	Exempt Debt	257,444.79
D.	Total non-exempt debt (B minus C)	54,192,134.15
E.	1/10 of 1% direct Debt Limitation (1/10 of 1% of Tax Valuation)	800,259.38
F.	Total limited tax non-exempt bonds and notes outstanding (not including Revised Code Section 133.06(G) debt)	0.00
G.	Debt Leeway within 1/10 of 1% unvoted debt limitation, but subject to indirect debt limitation (E minus F)	800,259.38
H.	9/10 of 1% direct Debt Limitation (Section 133.06(G) debt)	7,202,334.42
I.	Total Revised Code Section 133.06(G) debt	0.00
J.	Debt Leeway within 9/10 of 1% unvoted debt limitation, but subject to indirect debt limitation (H minus I)	7,202,334.42
K.	9% direct debt limitation	72,023,344.20
L.	Debt Leeway within 9% direct debt limitation (K minus D) ¹	\$17,831,210.05

¹ Debt leeway is determined without reference to applicable moneys in the School District's Bond Retirement Fund.

Lease Obligations

Under Ohio law, school districts have only the authority to lease or lease purchase any capital asset that is expressly granted by statute or necessarily implied from expressly granted authority. Express statutory authority exists for true leases (i.e., leases where no portion of the lease payment is applied toward the purchase of the capital asset) or lease-purchase or installment sale arrangements for the following: land, office equipment, school buses, administrative office facilities and buildings for any school district purpose. Except in cases where lease-purchase or installment sale arrangements include certain provisions providing that the obligations under such agreement may be terminated at the end of a fiscal year (e.g., a requirement of annual appropriation in order to extend the lease term beyond the current fiscal year), such agreements would constitute “debt” for purposes of the indirect debt limitation and the statutory direct debt limitations discussed more fully herein (see “SCHOOL DISTRICT DEBT AND DEBT LIMITATIONS – Statutory Debt Limitations Generally”).

The School District currently has three lease obligations for educational facilities, under which the School District is obligated to pay \$551,547 annually. These leases are expected to terminate as follows:

- Administration Building Lease – Expiration date of 9/30/2013; Central Middle School will house School District/Hancock County Offices upon expiration of lease.
- Millstream Tech Lease – Expiration date of 7/31/2012.
- Freshman Wing of Findlay High School Lease – Expiration date of 5/29/2014; School District to own Freshman Wing of Findlay High School upon expiration of lease. See “ECONOMY AND EMPLOYMENT – 2007 Blanchard River Flood” herein.

Future Financings

The School District does not anticipate any additional capital financings in the next five years.

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FINANCES OF THE SCHOOL DISTRICT

Budgeting, Tax Levy and Appropriations Procedures

The Revised Code contains detailed provisions regarding School District budgeting, tax levy and appropriation procedures. These procedures involve review by County officials at several steps.

School District budgeting for a fiscal year formally begins with the preparation of a tax budget or alternative document as determined by the County Budget Commission, comprised of the County Auditor, County Treasurer and County Prosecuting Attorney. This budget is adopted by the Board by the January 15th prior to the fiscal year to which it pertains. Among other items, the tax budget must show the amounts required for debt service, the estimated receipts for payment from sources other than ad valorem property taxes and the net amount for which an ad valorem property tax levy must be made. The tax budget then is presented for review by the Budget Commission. The Budget Commission holds a public hearing to review the budget, and issues, by March 1st, the Certificate of Estimated Resources which is the basis for School District appropriations and expenditures for the coming fiscal year.

Upon approval of the tax budget and issuance of the Certificate of Estimated Resources, the County Budget Commission certifies its actions to the Board together with the approved tax rates. Thereafter, the Board levies the approved taxes and certifies them to the proper County officials. The approved and certified tax rates are reflected in the tax bills sent to property owners during the collection year. Real property taxes are payable on a calendar year basis, generally in two installments with the first due usually in January and the second due in June or later.

At the start of each fiscal year, the Board adopts a temporary appropriation measure to begin that new fiscal year and then, within three months, a permanent appropriation measure for that fiscal year. Permanent appropriation measures may be amended or supplemented during the fiscal year. Annual appropriations may not exceed the County Budget Commission's official estimates of resources. The County Auditor must certify that the Board's appropriation measures, including any supplements or amendments, do not appropriate moneys in excess of the amount set forth in the latest of those official estimates.

The County serves as tax collector for the School District. Investments and deposits of County funds are governed by Revised Code Chapter 135 (the "Uniform Depository Act"). The County Treasurer is responsible for those investments and deposits. The County's most recent audited financials contain a recitation of the County's current investment practices and can be obtained at the Ohio Auditor of State website: <http://www.auditor.state.oh.us/>.

Financial Reports and Audits

The School District's fiscal year is the twelve-month period beginning July 1 and ending June 30. The Board maintains its accounts, appropriations and other fiscal records on a GAAP basis in accordance with Generally Accepted Accounting Principals ("GAAP") guidelines.

The State Auditor is charged by law with the responsibility for auditing the financial statements of each taxing subdivision and most public agencies and institutions. A financial report for each fiscal year is required to be filed with the State Auditor pursuant to Revised Code Section 117.38. Such reports are required to be submitted to the State Auditor at the close of each fiscal year. At the time of filing of such report, the Treasurer is required to publish a notice that the report is completed and available for review in the Treasurer's office.

The most recent audit of the School District's financial statements by the State Auditor was completed through the fiscal year ending June 30, 2008 and was reviewed by the Board's administrative staff on December 26, 2008. The Auditor made management recommendations concerning the School District's disaster recovery plan and record keeping of extracurricular advisors. The Auditor did not require any adjustments, or make any findings for recovery. No bring-down procedures have been undertaken by the State Auditor since the date of the financial statements. The audited Basic Financial Statements for the Year Ended June 30, 2008 are attached hereto as APPENDIX B. The School District has been awarded CAFR Certificates of Excellence/Achievement from the Ohio Association of School Business Officers and the Government Finance Officer's Association for 18 consecutive years.

Governmental Accounting Standards Board ("GASB") pronouncements and Financial Accounting Standards Board pronouncements are the principal sources used to determine the accounting principles employed. These publications, among other things, provide for a modified accrual basis of accounting for governmental funds and for a full accrual basis of accounting for proprietary funds and for each major and aggregated non-major fiduciary funds. The publications also further provide for the preparation of balance sheets for each major and non-major fund, and statements of revenues and expenditures, and changes in fund balances (major and aggregated non-major governmental funds) or statements of revenues, expenses and changes in retained earnings/equity (major and aggregated non-major proprietary funds) and statement of cash flows. The principles further require preparation of a statement of net assets and a statement of activities for the entity's business type and government type activities on the full accrual basis of accounting, and management's discussion and analysis of major events and transactions during the year.

Fiscal Health Plan

The School District has adopted a Fiscal Health Plan conceived in 2006 as a component of the School District's Strategic Plan for the years 2005-2010 to ensure "sufficient funding for current and future operations, programs and facilities". The Fiscal Health Plan is necessitated by four primary factors: 1) the continued reduction of the School District's operating millage effective rate; 2) the decline in State funding, including the phase out of the tangible personal property tax; 3) rising costs of operations due to increases in expenses such as health insurance and fuel; and 4) until 2006, the School District's dependence upon its general fund resources to fund capital improvements due to the absence of a permanent improvement levy. The Fiscal Health Plan has been well-vetted by School District leadership and community stakeholders and is intended to guide operations through 2010 utilizing a strategic planning model that will ensure that the financial challenges of the School District will be addressed in a systematic fashion that will result in financial stability.

Five-Year Projection

Boards of education are required to submit a five-year projection of operational revenues and expenditures (commonly known as the "five-year forecast") according to Department rules. Pursuant to such rules, the Department reviews the School District's five-year projection to determine if the School District has projected a deficit during the first three years of the five-year projection period. If the Department determines that further fiscal analysis is needed, the Department must forward the projection to the State Auditor, who will determine if the School District must be formally notified of a pending projected deficit. The School District must then take steps to eliminate any deficit in the current year and to plan to avoid projected deficits. The Board approved a five-year projection on January 11, 2010, a copy of which can be found in APPENDIX C.

Deficit projections arising from the "five-year forecast" may have the effect of triggering certain fiscal oversight mechanisms created under State law.

Fiscal Oversight System

The State has created a fiscal oversight system designed to ensure the financial stability of public school districts so that they can continue to perform the vital governmental mission of educating children while meeting their ongoing obligations to creditors, employees, vendors and suppliers. Under this fiscal oversight system, a school district may be declared to be in a state of “fiscal caution,” “fiscal watch,” or “fiscal emergency” based on certain triggering criteria established by law. These triggering criteria relate primarily to the size of the school district’s current and projected operating deficits, but also include an evaluation of the school district’s financial practices and its effectiveness in taking the necessary corrective measures. Increasing levels of intervention and control are imposed with each successive determination, culminating (at the “fiscal emergency” level) in the creation of an independent governing board for the school district. This independent governing board, the Financial Planning and Supervision Commission (“FPSC”), is vested with extraordinary powers, including the power to remove the superintendent and/or the treasurer and to implement staff reductions which would otherwise violate existing collective bargaining agreements. The State Auditor may conduct a performance audit of a school district in fiscal caution, fiscal watch, or fiscal emergency at any time.¹

The School District is not subject to a declaration of fiscal caution, fiscal watch, or fiscal emergency, and is not subject to any directives from the State Auditor, the State Superintendent or a FPSC arising from any prior declaration.

General Fund Operations

The General Fund is the main operating fund of the School District. It is the fund from which most of the School District’s expenditures are paid and into which most of the School District’s revenues are deposited. The School District derives most of its revenues from a tax on real and tangible personal property and from State aid, including the School Foundation Program. (See “OTHER SOURCES OF SCHOOL DISTRICT FUNDING – School Foundation Program”.)

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¹ For more information about the criteria the State Auditor and State Superintendent use to determine whether a school district should be placed on fiscal caution, fiscal watch, or fiscal emergency, please visit the State Auditor’s website at <http://auditor.state.oh.us/LGS/FiscalWatchEmergency/SchoolFactSheet.htm>.

Other Funds

Ohio school districts are required to establish the following funds as indicated:

<u>Fund</u>	<u>Source and Amount of Balance</u>	<u>Purpose</u>
Textbook and Instructional Materials Fund ¹	3% of operating revenues ² using the state base-cost formula amount for the preceding fiscal year multiplied by the School District's student population for the preceding fiscal year	Acquisition of textbooks and instructional software, material, supplies and equipment ³
Capital and Maintenance Fund ²	3% of general fund revenues ⁴ using the state base-cost formula amount for the preceding fiscal year multiplied by the School District's student population for the preceding fiscal year	Acquisition, replacement, enhancement, maintenance, or repair of permanent improvements

Any balance remaining in the above funds at the end of the current fiscal year is carried over to the next fiscal year.

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¹ A school district may elect to set aside funds pursuant to previous law by notifying the State Auditor within 90 days of the beginning of the fiscal year of such election.

² A different percentage requirement may be set by the State Auditor.

³ A school district that meets the specified criteria can spend the revenues contained in the Textbook and Instructional Materials Fund for purposes other than those specified.

⁴ A school district may elect to set aside funds from the proceeds of a permanent improvement levy instead of diverting funds from the general fund to meet this requirement.

Investment of Funds

According to the Treasurer of the School District, all moneys of the School District, specifically moneys in the general fund, the bond retirement fund, and all project funds containing proceeds of any debt issuances of the School District (including the Bonds), are presently or will be invested in accordance with the requirements of Ohio law, and in particular the Uniform Depository Act. Under Revised Code Section 135.14, the School District may invest its funds, provided that such investments generally must mature or be redeemable within five years from the date of purchase. The classifications of obligations which are eligible for such investment by the School District range from investment in the State Treasury Asset Reserve of Ohio investment pool (“STAR Ohio”) to investment in United States Treasury bills, commercial paper, certificates of deposit and bankers acceptances. Certain investment practices remain exclusive to those school districts whose fiscal officers have completed additional training in accordance with the Uniform Depository Act.

Further, pursuant to Revised Code Section 135.14, all investments of the School District, except for investments in securities in STAR Ohio and certain no-load money market mutual funds, must be made through members of the National Association of Securities Dealers, Inc., banks, savings banks, or savings and loan associations regulated by the State superintendent of financial institutions or through institutions regulated by the comptroller of the currency, Federal Deposit Insurance Corporation, or board of governors of the Federal Reserve System.

The School District interprets the limits on Federal guaranteed investments, bankers’ acceptances, commercial paper and all other legal investments very conservatively. No moneys of the School District have ever been invested in interest-only obligations, reverse-repurchase obligations, inverse floater obligations, or other investment vehicles commonly referred to as derivative investments. No moneys of the School District are invested in obligations which mature later than the time at which it is reasonably expected that the School District will need access to such moneys in order to meet current financial commitments. The Treasurer has attended special training in all of the investment areas to assure strict compliance with the strictly conservative investment philosophy of the School District. All investments are transacted with banks or other financial institutions operating in the State. Complete detail of the current investment practices of the School District can be found in the most recent audited financial statements of the School District (see APPENDIX B herein).

School District Insurance

The School District maintains \$146,426,209 comprehensive insurance coverage with private carriers for real property, building contents and vehicles with a \$5,000 deductible clause per occurrence. In addition, the School District maintains liability coverage with a \$1,000 deductible and a limit of \$2,000,000 in aggregate.

Ohio law provides immunity for political subdivisions such as the School District from liability in damages. The immunity covers injury, death, or loss to persons or property allegedly caused by an act or omission of such political subdivisions or their employees in connection with governmental and proprietary functions, as defined in the Ohio statutes. Included among such governmental functions is the design, construction, reconstruction, renovation, repair, maintenance, and operation of any school athletic facility, school auditorium, or gymnasium. The statutes have no effect on any liability imposed by federal law or other federal cause of action. Pursuant to Ohio law, there are, however, five areas in which a political subdivision may be held liable for such loss. These include the negligent operation of a motor vehicle by employees engaged within the scope of their employment and authority; negligent performance of proprietary functions; negligent failure to keep public roads in repair, and other negligent failure to remove obstructions from public roads; negligence of employees due to physical defects within

or upon the grounds of buildings used in the performance of governmental functions, excluding jails, juvenile detention workhouses and other detention facilities; and liability specifically imposed by statute. Ohio law also imposes a two-year statute of limitations and puts limits on the damages which may be recovered from such political subdivisions. No punitive or exemplary damages can be recovered, and any insurance benefits are deducted from any award against a political subdivision.

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BASIC FINANCIAL STATEMENTS

**Findlay City School District
Hancock County, Ohio**

for the fiscal year ended June 30, 2008

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

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

MICHAEL T. BARNHART, CPA, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Findlay City School District
1219 West Main Cross, Suite 101
Findlay, Ohio 45840

We have reviewed the *Independent Auditor's Report* of the Findlay City School District, Hancock County, prepared by Julian & Grube, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 19, 2009

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

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards

Board of Education
Findlay City School District
1219 W. Main Cross, Suite 101
Findlay, OH 45840-3377

We have audited the financial statements of the governmental activities, the discretely presented component unit, its major fund and the aggregate remaining fund information of Findlay City School District, Hancock County, Ohio, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated December 26, 2008. We did not audit the financial statements of Findlay Digital Academy, which is Findlay City School District's only discretely presented component unit. The accompanying Schedule of Receipts and Expenditures of Federal Awards does not include the operation of the Findlay Digital Academy, the component unit of Findlay City School District. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Findlay City School District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 26, 2008

FINDLAY CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(E) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(B) Food Donation	10.550	2008	\$ 80,662	\$ 80,662
Total Food Donation			<u>80,662</u>	<u>80,662</u>
Nutrition Cluster:				
(C) (D) School Breakfast Program	10.553	2008	112,585	112,585
Total School Breakfast Program			<u>112,585</u>	<u>112,585</u>
(C) (D) National School Lunch Program	10.555	2008	680,225	680,225
Total National School Lunch Program			<u>680,225</u>	<u>680,225</u>
(C) (D) Summer Food Service Program for Children	10.559	2008	4,784	4,784
Total Summer Food Service Program for Children			<u>4,784</u>	<u>4,784</u>
Total Nutrition Cluster			<u>797,594</u>	<u>797,594</u>
Total U.S. Department of Agriculture			<u>878,256</u>	<u>878,256</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(E) Title I Grants to Local Educational Agencies	84.010	2007	37,924	52,333
Title I Grants to Local Educational Agencies	84.010	2008	914,585	897,363
Total Title I Grants to Local Educational Agencies			<u>952,509</u>	<u>949,696</u>
Special Education Cluster:				
(F) Special Education_Grants to States	84.027	2007	345,717	202,786
(F) Special Education_Grants to States	84.027	2008	1,561,710	1,309,912
Total Special Education_Grants to States			<u>1,907,427</u>	<u>1,512,698</u>
(F) Special Education_Preschool Grants	84.173	2008	26,947	25,610
Total Special Education_Preschool Grants			<u>26,947</u>	<u>25,610</u>
Total Special Education Cluster			<u>1,934,374</u>	<u>1,538,308</u>
Career and Technical Education - Basic Grants to States	84.048	2007	-	32,333
Career and Technical Education - Basic Grants to States	84.048	2008	244,362	232,152
Total Career and Technical Education - Basic Grants to States			<u>244,362</u>	<u>264,485</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2007	4,880	226
Safe and Drug-Free Schools and Communities_State Grants	84.186	2008	23,457	23,457
Total Safe and Drug-Free Schools and Communities_State Grants			<u>28,337</u>	<u>23,683</u>
State Grants for Innovative Programs	84.298	2007	556	556
State Grants for Innovative Programs	84.298	2008	11,261	10,228
Total State Grants for Innovative Programs			<u>11,817</u>	<u>10,784</u>
Education Technology State Grants	84.318	2007	-	534
Education Technology State Grants	84.318	2008	4,485	-
Total Education Technology State Grants			<u>4,485</u>	<u>534</u>
English Language Acquisition Grants	84.365	2008	26,112	26,112
Total English Language Acquisition Grants			<u>26,112</u>	<u>26,112</u>
Improving Teacher Quality State Grants	84.367	2007	-	1,278
Improving Teacher Quality State Grants	84.367	2008	253,075	233,339
Total Improving Teacher Quality State Grants			<u>253,075</u>	<u>234,617</u>
Total U.S. Department of Education			<u>3,455,011</u>	<u>3,048,219</u>

-continued

FINDLAY CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(E) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Learn and Serve America_School and Community Based Programs	94.004	2008	\$ 70	\$ 42
Total Learn and Serve America_School and Community Based Programs			<u>70</u>	<u>42</u>
Total U.S. Corporation for National and Community Service			<u>70</u>	<u>42</u>
U. S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY, DEPARTMENT OF PUBLIC SAFETY				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2008	1,281,987	1,281,987
Total Disaster Grants - Public Assistance (Presidentially Declared Diasters)			<u>1,281,987</u>	<u>1,281,987</u>
Total U.S. Department of Homeland Security			<u>1,281,987</u>	<u>1,281,987</u>
Total Federal Financial Assistance			<u>\$ 5,615,384</u>	<u>\$ 5,208,504</u>

- (A) This schedule was prepared on the cash basis of accounting.
- (B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (C) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) OAKS did not assign pass-through number for fiscal year 2008
- (F) Included as part of "Special Education Cluster" in determining major programs.

Note 1: The Findlay City School District has excluded financial assistance reported for its component unit, the Findlay Digital Academy.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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*

Board of Education
Findlay City School District
1219 W. Main Cross, Suite 101
Findlay, Ohio 45840-3377

We have audited the financial statements of the governmental activities, the discretely presented component unit, its major fund, and the aggregate remaining fund information of Findlay City School District, Hancock County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Findlay City School District's basic financial statements and have issued our report thereon dated December 26, 2008. We did not audit the financial statements of Findlay Digital Academy, Findlay City School District's only discretely presented component unit. Findlay Digital Academy's financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Findlay City School District is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Findlay Digital Academy were audited by other auditors in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards*. Accordingly, this report does not extend to the Findlay Digital Academy (the discretely presented component unit).

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Findlay City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Findlay City School District's financial statements that is more than inconsequential will not be prevented or detected by Findlay City School District's internal control.

Board of Education
Findlay City School District

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Findlay City School District's internal control.

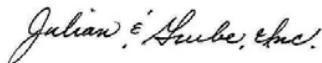
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Findlay City School District's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to the management of Findlay City School District in a separate letter dated December 26, 2008.

This report is intended solely for the information and use of the management and Board of Education of Findlay City School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
December 26, 2008



Julian & Grube, Inc.

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Findlay City School District
1219 W. Main Cross, Suite 101
Findlay, Ohio 45840-3377

Compliance

We have audited the compliance of Findlay City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008. Findlay City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Findlay City School District's management. Our responsibility is to express an opinion on Findlay City School District's compliance based on our audit.

Findlay City School District's basic financial statements include the operations of Findlay Digital Academy, the component unit of Findlay City School District. Findlay Digital Academy received \$27,578, and expended \$27,578 in federal awards during fiscal year 2008 that are not included in the Schedule of Receipts and Expenditures of Federal Awards for Findlay City School District for the fiscal year ended June 30, 2008. Our audit of federal awards, described below, did not include the operations of Findlay Digital Academy. This component unit expended less than \$500,000 for the fiscal year ended June 30, 2008 and thus was not required to have an audit of its federal awards in accordance with *OMB Circular A-133*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Findlay City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Findlay City School District's compliance with those requirements.

Board of Education
Findlay City School District

In our opinion, Findlay City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008.

Internal Control Over Compliance

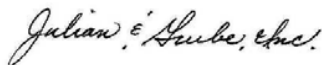
The management of Findlay City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Findlay City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Findlay City School District's internal control over compliance.

A control deficiency in Findlay City School District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Findlay City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Findlay City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Findlay City School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management and Board of Education of Findlay City School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
December 26, 2008

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Special Education Cluster: Special Education Grants to States - CFDA #84.027 and Special Education Preschool Grants - CFDA #84.173; Disaster Grants - Public Assistance (Presidentially Declared Disasters) - CFDA #97.036
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
FINDLAY, OHIO
CITY SCHOOL DISTRICT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2008

PREPARED BY
TREASURER'S DEPARTMENT
MICHAEL T. BARNHART, CPA, TREASURER

1219 WEST MAIN CROSS, SUITE 101
FINDLAY, OHIO 45840

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INTRODUCTORY SECTION

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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Findlay City Schools

December 30, 2008

Members of the Board of Education and Residents of the Findlay City School District:

We are pleased to submit to you the Comprehensive Annual Financial Report of the Findlay City School District. This Comprehensive Annual Financial Report (CAFR) provides full disclosure of the financial operation of the Findlay City School District (the "District") for the fiscal year ended June 30, 2008. The CAFR, which includes an opinion from the Independent Public Accounting Firm that performed the District's audit, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This CAFR will provide the taxpayers of the District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be made available to the Chamber of Commerce, major taxpayers, the Findlay Public Library, financial rating services, and other interested parties.

The Comprehensive Annual Financial Report is presented in three sections:

1. The Introductory Section, which is unaudited, includes a Table of Contents, this Letter of Transmittal, a List of Principal Officials, an Organizational Chart, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the 2007 CAFR, and the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (ASBO) for the 2007 CAFR.
2. The Financial Section, which includes the Independent Auditor's Report, the Management's Discussion and Analysis, the Basic Financial Statements, the Notes to the Basic Financial Statements, and the Combining Statements and Individual Fund Schedules.
3. The Statistical Section, which is unaudited, includes various tables which reflect financial and demographic information, financial trends, and the fiscal capacity of the District.

SCHOOL DISTRICT ORGANIZATION

Findlay City School District is one of 896 public school districts and community schools in the State of Ohio and one of eight school districts in Hancock County. It provides education to approximately 5,992 students in kindergarten through grade 12. The District is located in northwestern Ohio, approximately 65 miles south of the City of Toledo. 98 percent of the District's territory is within the City of Findlay, the county seat. The District serves an area of approximately 37 square miles.

Statutorily, the District operates under standards prescribed by the Ohio State Board of Education as provided in Division (D) of Section 3301.47 and Section 110.01 of the Ohio Revised Code, to provide educational services authorized and mandated by State or Federal agencies.

The Board of Education serves as the taxing authority, contracting body, and policy maker for the District. The Board adopts the annual operating budget and approves all expenditures of District monies. The superintendent is the chief administrative officer of the District, responsible for both education and support operations. The treasurer is the chief financial officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing of funds as specified by Ohio law.

1219 West Main Cross, Suite 101, Findlay, OH 45840
Phone: 419.425.8237 Fax: 419.425.8203
www.findlaycityschools.org

THE REPORTING ENTITY

The District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units.

Excluded from the reporting entity, because they are fiscally independent of the District, are the City of Findlay, the Parent-Teacher Association, and the Booster Clubs. The Northwest Ohio Area Computer Services Cooperative (NOACSC) is reported as a jointly governed organization.

ECONOMIC OUTLOOK

With a total assessed valuation of \$823,046,370 and a tax rate of \$60.75 per \$1,000.00 of assessed valuation, the District has a sound financial base. A sexennial reappraisal of all real property was completed in 2004. Subsequently, property tax revenue increased by approximately eight percent. However, property tax revenue is beginning to decrease and will continue to decrease in the future as the State of Ohio phases out tangible personal property taxes. Also, many property owners suffered damage from the August 2007 flood and another large flood that hit in February 2008. The District is concerned with the ability and willingness of its taxpayers to support future levies given the financial hardships that they may be experiencing as a result of past and future flooding.

The District's financial condition continues to be an area of focus for the Board of Education and Administration. In litigation now referred to as the "DeRolph Case", the Perry County Court of Common Pleas in 1995 declared the State's method of funding school districts to be unconstitutional. On March 24, 1997, the Ohio Supreme Court upheld most of the Perry County Court ruling by declaring certain portions of the Ohio school funding plan unconstitutional. The Ohio Supreme Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's school foundation program, which provides significant amounts of monetary support to the District.

Since the Ohio Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Courts. The Perry County Court of Common Pleas has reviewed the new laws and, in a decision issued on February 26, 1999, determined that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Supreme Court. The Ohio Supreme Court upheld their initial ruling in May, 2000, and after further modifications to the funding plan by the legislature, the Ohio Supreme Court issued an opinion on September 6, 2001 that listed areas which required further modification if the funding plan was to be considered constitutional. On September 17, 2001, the State of Ohio petitioned the Ohio Supreme Court to reconsider and clarify its decision. On November 2, 2001, the Ohio Supreme Court granted this request. On December 1, 2002, the Ohio Supreme Court again ruled that the State's school foundation program is unconstitutional. School districts will continue to operate under the laws that the Perry County Court of Common Pleas declared unconstitutional.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

Total budgeted revenues for fiscal year 2009 will remain similar to the previous year with the exception of about \$2 million which will be returned to the general fund to cover last year's advance of funds that were used to cover flood expenditures until FEMA and other flood aid money was received. Although negotiated raises of three percent (3%) and estimated health care increases of twelve percent (12%) are budgeted in fiscal year 2009, the total expenditures for fiscal year 2009 are expected to be about the same as fiscal year 2008. This is because fiscal year 2008 was when the general fund made a one time expenditure of about \$2 million to advance funds needed to cover flood expenditures until FEMA and other flood aid arrived.

Ohio school districts cannot generate significant additional revenue from taxes except by the vote of the people. On May 8, 2007, the voters elected to replace an expiring 4.9 mill levy. Voters will need to renew or replace that levy before the end of calendar year 2012 when collections end. On November 4, 2008, the voters replaced a 5.9 mill levy for which collections will expire in December 2014. Resources of the general fund will be impacted in the future by the struggling economy and past Ohio tax reforms including the eventual elimination of tangible personal property taxes, as well as increasing health care costs, and the need to renovate and/or combine the three middle schools, which were built in 1925. The District also needs to create a facility that will unite its vocational programs instead of housing it in three different locations.

MAJOR INITIATIVES

The District focuses on the four strategies approved by the Board of Education as part of its Strategic Plan, which was redeveloped in 2005:

- Strategy 1: To continually align our curriculum with State standards and effectively utilize data and the best instructional practices to help every student achieve a proficient or higher rating on all State of Ohio assessments.
- Strategy 2: To develop and implement plans to ensure sufficient funding for current and future operations, programs, and facilities.
- Strategy 3: To nurture and foster trusting relationships among all members of the school and community partnership in order to improve the communication, understanding, and commitment necessary to achieve the mission and objectives.
- Strategy 4: To design a system to assist students in setting, achieving, and assessing personally challenging educational goals related to their unique talents, purpose, and dreams.

The District continues to seek solutions to its facility needs. The passage of a 2.5 mill permanent improvement levy in May 2006 has helped to alleviate many facility needs as well as the relocation of Washington intermediate school from a 1915 building to a 1969 building. However, the three middle schools need serious renovations, especially after recent flooding. The District also hopes to eventually consolidate the south, north, and east campuses of Millstream Career and Technology Center into one location. The District has been approved to participate in the Ohio School Facilities Commission's (OSFC) Exceptional Needs Program (ENP). The ENP helps the District address specific facility needs within the District rather than the OSFC's usual practice of addressing all of the buildings within a district. Funding will be provided for construction at the OSFC's specifications and the District must provide a local match based on the District's property values. In the case of our District, the local required match is currently sixty eight percent (68%), while the OSFC will provide thirty two percent (32%). In order to provide that much funding for new buildings, the District will have to put a bond levy on the ballot and pass it in 2009. The District will actively seek community input as to how to proceed by holding public forums and has created a facilities committee with community stakeholders.

RELEVANT FINANCIAL POLICIES

The District's primary management tool for monitoring its fiscal health is the Five-Year Forecast, which is a document that focuses on the general fund's past three years of actual expenditures, the current fiscal year, and the following four fiscal years. The District has set targets for certain financial ratios based on this document. A key ratio is the District's "true days cash" ratio. True days cash is the concept that calculates how many days the District can operate with the amount of cash available at the end of the year. The calculation takes the available cash balance at the end of the year and divides it by the year's average daily operating expense. The District has set an immediate target to maintain forty true days cash with the expectation for that figure to gradually grow. This ratio is used when negotiating future labor contracts and in determining the need for future levies.

FINANCIAL INFORMATION

Internal Accounting and Budgetary Control. The District's accounting system is organized on a fund basis. Each fund is a distinct self-balancing accounting entity. Governmental funds are presented on the modified accrual basis, whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Proprietary and fiduciary funds are presented on the accrual basis, whereby revenues are recognized when earned and expenses when incurred.

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from the implementation.

The District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended official certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund and function level of expenditures in the general fund and at the fund level of expenditures for all other funds. All purchase order requests must be approved by the Superintendent or his designee and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation, plus any additional appropriations made to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

The basis of accounting and the funds utilized by the District are fully described in Note 2 to the Basic Financial Statements. Additional information on the District's budgetary accounting can also be found in Note 2 to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for fiscal 2008 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the District.

Internal Service Fund - The only internal service fund of the District is the Employee Benefits Self Insurance Fund. This internal service fund had net assets of \$537,774 at June 30, 2008, compared to net assets of \$696,970 at June 30, 2007, reflecting a decrease in net assets of \$159,196.

Fiduciary Funds - The fiduciary funds account for assets held by the District in a trustee capacity, or as an agent, for other funds, governments, organizations, or individuals. The District maintains a private-purpose trust fund and an agency fund. The private-purpose trust fund had net assets of \$43,759 at June 30, 2008. The agency fund had assets of \$136,571 at June 30, 2008.

LONG-TERM FINANCIAL PLANNING

The District will continue to implement new courses of study in an ongoing effort to meet, and exceed, the national and state standards to affect student outcomes in the pursuit of the excellence rating on the Ohio Report Card. Part of this effort is the adoption of a more rigorous high school program and the implementation of all day every day kindergarten. However, due to anticipated future budget restraints, the District will not offer courses without sufficient demand and expects that class sizes will need to increase throughout the District.

Full implementation of the overall Strategic Plan will help keep the District focused on student learning through high-quality instruction, efficiency and effectiveness of district operations and vibrant school-community partnerships.

Ongoing support through permanent improvement tax dollars and the Ohio School Facilities Commission will help ensure the viability of the physical plants within the District. With the full implementation of these plans and directives, the District will remain poised to retain the full academic excellence and fiscal accountability standards that the community has come to expect of the Findlay City School District.

USE OF THIS REPORT

This report is published to provide to the Board of Education, as well as our citizens and other interested persons, detailed information concerning the financial condition of the District, with particular emphasis placed on the utilization of resources during the past fiscal year. It is also intended that this report will serve as a guide in formulating policies and in conducting the District's future day-to-day activities. We believe the information, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included.

In today's bond market environment, it is increasingly important that public agencies prepare soundly conceived annual financial reports which are independently audited by a qualified firm or agency. It has become almost required practice that such reports be prepared in accordance with GAAP, and the major bond rating agencies review the data presented in such reports before determining a public agency's bond rating.

INDEPENDENT AUDIT

Provisions of State statute require the District's Basic Financial Statements to be subjected to an annual examination by an independent auditor. Those provisions have been satisfied and the opinion of the District's independent auditors is included herein. The single audit report is not included in this CAFR, but is located in a separate report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report for the 1979 fiscal year.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Findlay City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The District has received this award for the past seventeen (17) years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The District has also received a Certificate of Excellence in Financial Reporting in School Districts from the Association of School Business Officials International (ASBO) for the District's CAFR for the fiscal year ended June 30, 2007. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. The District has received this award for the past seventeen (17) years. We believe that our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The publication of this report significantly increases the accountability of the District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office and various administrators and employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to Mr. Alexander J. Fait, of Julian & Grube, Inc., who compiled this report in compliance with GAO guidance, and to the auditors of Julian & Grube, Inc., who audited this report.

Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project, and to the taxpayers and voters of the District, who have continued to show their faith in education and in the Findlay City School District.

Respectfully,



Michael T. Barnhart, CPA
Treasurer



Dean A. Wittwer
Superintendent

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FINDLAY CITY SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2008

BOARD OF EDUCATION

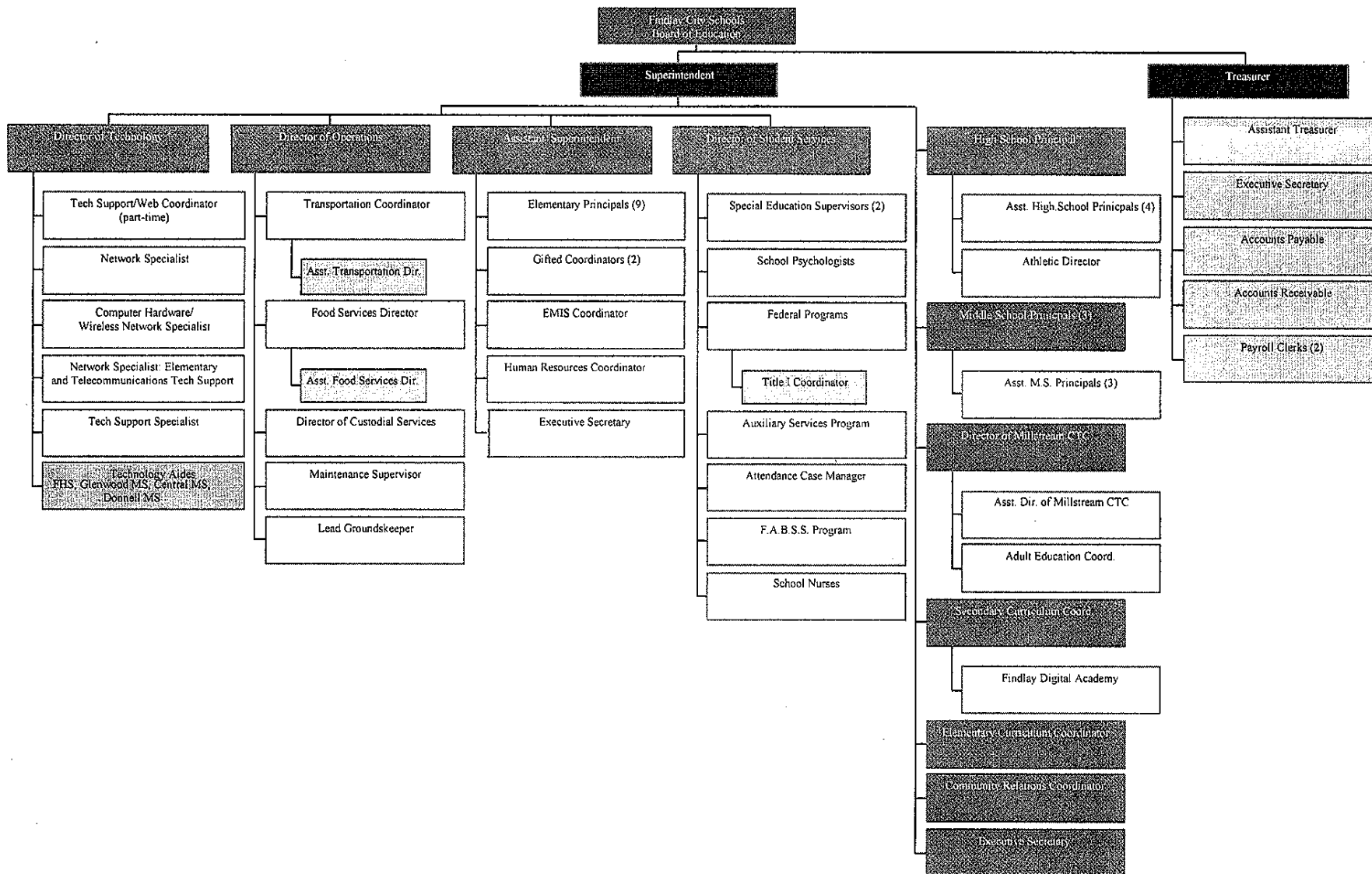
Mrs. Barbara Dysinger..... President
Mr. Rick Hoffman..... Vice-President
Mrs. Barbara Lockard.....Member
Mr. Jeff Shrader..... Member
Mr. Shane Pochard.....Member

(Board of Education member Mr. Shane Pochard effective as of July 21, 2008)

ADMINISTRATION

Mr. Dean A. Wittwer.....Superintendent
Mr. Paul Blaine..... Assistant Superintendent
Mr. Michael T. Barnhart.....Treasurer
Mrs. Jennifer Miller..... Assistant Treasurer
Ms. Stephanie Roth.....Director of Elementary Curriculum
Mrs. Sandy White.....Director of Secondary Curriculum
Dr. Kathy Crates.....Director of Student Services
Mr. Martin White.....Director of Technology
Mr. Dennis McPheron..... Director of Facilities

Findlay City Schools Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Findlay City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

FINDLAY CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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FINANCIAL SECTION

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Education
Findlay City School District
1219 W. Main Cross, Suite 101
Findlay, Ohio 45840-3377

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, its major fund and the aggregate remaining fund information of Findlay City School District, Hancock County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Findlay City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Findlay City School District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Findlay Digital Academy, Findlay City School District's only discretely presented component unit. Findlay Digital Academy financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Findlay City School District is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

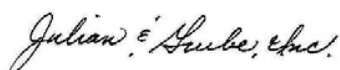
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, its major fund, and the aggregate remaining fund information of Findlay City School District, Hancock County, Ohio, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report
Findlay City School District

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2008 on our consideration of Findlay City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Findlay City School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of Findlay City School District. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Julian & Grube, Inc.
December 26, 2008

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The management's discussion and analysis of the Findlay City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities increased \$4,652,671 which represents a 29.82% increase from 2007.
- General revenues accounted for \$54,971,730 in revenue or 81.67% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,340,892 or 18.33% of total revenues of \$67,312,622.
- The District had \$62,659,951 in expenses related to governmental activities; only \$12,340,892 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$54,971,730 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$57,200,812 in revenues and \$56,498,385 in expenditures and other financing uses. During fiscal 2008, the general fund's fund balance increased \$701,753 from a balance of \$5,085,217 to a balance of \$5,786,970.

Using this Comprehensive Annual Financial Report (CAFR)

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 Assets* 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 fund with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is the most significant fund, and the only governmental fund reported as a major fund.

Reporting the District as a Whole

Statement of Net Assets 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 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

These two statements report the District's *net assets* and changes in those assets. This change in net assets 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 Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operations and maintenance, non-instructional services, pupil transportation, operations of services, extracurricular activities, interest on fiscal charges, and food service operations.

The District's statement of net assets and statement of activities can be found on pages F13-F14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page F9. Fund financial reports provide detailed information about the District's major fund. 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 fund. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages F15-F19 of this report.

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for self-insurance. The basic proprietary fund financial statements can be found on pages F20-F22 of this report.

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 an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F23 and F24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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. These notes to the basic financial statements can be found on pages F25-F58 of this report.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2008 and 2007.

	Net Assets	
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Assets</u>		
Current and other assets	\$ 52,246,866	\$ 50,755,804
Capital assets	<u>13,985,134</u>	<u>11,508,844</u>
Total assets	<u>66,232,000</u>	<u>62,264,648</u>
<u>Liabilities</u>		
Current liabilities	40,056,305	39,801,931
Long-term liabilities	<u>5,921,351</u>	<u>6,861,044</u>
Total liabilities	<u>45,977,656</u>	<u>46,662,975</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	11,666,148	8,230,530
Restricted	2,789,266	1,665,886
Unrestricted (deficit)	<u>5,798,930</u>	<u>5,705,257</u>
Total net assets	<u>\$ 20,254,344</u>	<u>\$ 15,601,673</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$20,254,344.

At year-end, capital assets represented 21.12% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$11,666,148. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

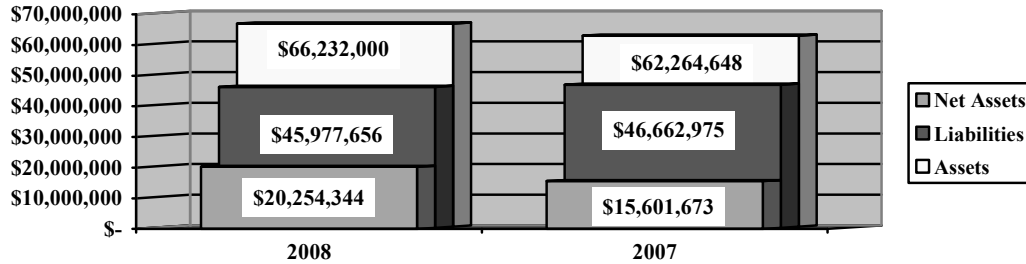
A portion of the District's net assets, \$2,789,266, represents resources that are subject to external restriction on how they may be used.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The table below illustrates the District's assets, liabilities and net assets at June 30, 2008 and 2007.

Governmental Activities



The table below shows the change in net assets for fiscal year 2008 and 2007.

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 4,961,552	\$ 4,610,184
Operating grants and contributions	7,086,333	8,497,997
Capital grants and contributions	293,007	90,976
General revenues:		
Property taxes	29,460,852	29,654,420
Grants and entitlements	24,497,427	20,714,263
Investment earnings	509,130	1,069,510
Miscellaneous	<u>504,321</u>	<u>712,575</u>
Total revenues	<u>67,312,622</u>	<u>65,349,925</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Change in Net Assets

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 26,196,394	\$ 23,915,567
Special	7,342,020	6,799,260
Vocational	2,974,529	2,970,104
Other	2,245,606	1,921,675
Support services:		
Pupil	2,830,187	2,658,799
Instructional staff	3,953,929	4,240,839
Board of education	172,550	118,748
Administration	3,867,750	3,822,352
Fiscal	1,493,860	1,468,975
Operation and maintenance	5,410,595	5,605,278
Pupil transportation	2,151,281	2,279,652
Central	170,094	149,859
Operation of non-instructional services	487,370	636,243
Extracurricular activities	1,357,637	1,288,164
Food service operations	1,884,913	1,720,198
Interest and fiscal charges	121,236	142,348
Total expenses	<u>62,659,951</u>	<u>59,738,061</u>
Change in net assets	4,652,671	5,611,864
Net assets, beginning of year	<u>15,601,673</u>	<u>9,989,809</u>
Net assets, end of year	<u>\$ 20,254,344</u>	<u>\$ 15,601,673</u>

Governmental Activities

Net assets of the District's governmental activities increased \$4,652,671. This increase in net assets is primarily due to an increase in property tax revenues, which is the result of a sexennial reappraisal of all real property that was completed in 2006 and took effect with the 2007 valuation. Total governmental expenses of \$62,659,951 were offset by program revenues of \$12,340,892 and general revenues of \$54,971,730. Program revenues supported 19.70% of the total governmental expenses.

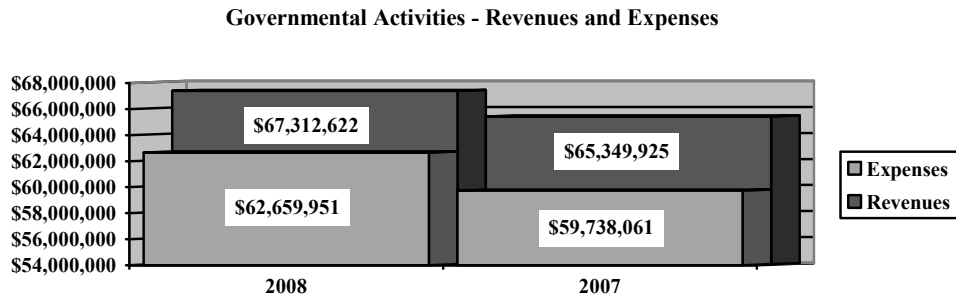
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 80.16% of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$38,758,549 or 61.86% of total governmental expenses for fiscal 2008.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.



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

Governmental Activities

	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Program expenses				
Instruction:				
Regular	\$ 26,196,394	\$ 22,906,243	\$ 23,915,567	\$ 20,308,033
Special	7,342,020	4,012,519	6,799,260	3,704,817
Vocational	2,974,529	1,978,638	2,970,104	1,773,504
Other	2,245,606	2,175,598	1,921,675	1,815,721
Support services:				
Pupil	2,830,187	2,490,360	2,658,799	2,315,676
Instructional staff	3,953,929	3,003,549	4,240,839	3,063,028
Board of education	172,550	172,550	118,748	118,748
Administration	3,867,750	3,840,076	3,822,352	3,799,552
Fiscal	1,493,860	1,493,860	1,468,975	1,468,936
Operations and maintenance	5,410,595	4,945,625	5,605,278	5,082,104
Pupil transportation	2,151,281	2,045,395	2,279,652	2,171,533
Central	170,094	148,105	149,859	122,365
Operations of non-instructional services	487,370	(29,474)	636,243	32,266
Extracurricular activities	1,357,637	884,593	1,288,164	713,103
Food service operations	1,884,913	130,186	1,720,198	(92,830)
Interest and fiscal charges	121,236	121,236	142,348	142,348
Total expenses	<u>\$ 62,659,951</u>	<u>\$ 50,319,059</u>	<u>\$ 59,738,061</u>	<u>\$ 46,538,904</u>

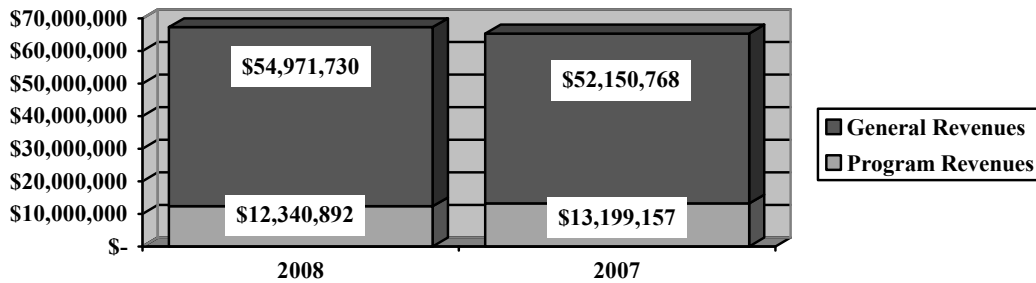
**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The dependence upon tax and other general revenues for governmental activities is apparent, 80.17% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.30%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$8,718,553, which is higher than last year's total of \$7,222,564. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	<u>Increase</u>
General	\$ 5,786,970	\$ 5,085,217	\$ 701,753
Other Governmental	<u>2,931,583</u>	<u>2,137,347</u>	<u>794,236</u>
Total	<u>\$ 8,718,553</u>	<u>\$ 7,222,564</u>	<u>\$ 1,495,989</u>

General Fund

The District's general fund balance increased \$701,753. The increase in fund balance can be attributed to a 2.42% increase in revenues versus a 9.89% increase in expenditures. Revenues exceeded expenditures by \$1,367,427 in fiscal 2008, for two main reasons. The first reason is that the District had to increase expenditures from fiscal 2007 to fiscal 2008, primarily due to rising wage and health benefit costs for the District. The second reason is that the District was able to increase revenues from fiscal 2007 to fiscal 2008, primarily due to an increase in intergovernmental revenues. The increase in intergovernmental revenues is the result of the District receiving governmental reimbursements for the loss of tangible personal property tax revenue (see Note 6). The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 27,192,230	\$ 28,489,028	(4.55) %
Tuition	2,403,515	2,506,963	(4.13) %
Earnings on investments	535,581	713,802	(24.97) %
Intergovernmental	26,711,349	23,726,082	12.58 %
Other revenues	<u>358,137</u>	<u>415,386</u>	(13.78) %
Total	<u>\$ 57,200,812</u>	<u>\$ 55,851,261</u>	2.42 %
<u>Expenditures</u>			
Instruction	\$ 35,652,628	\$ 31,764,576	12.24 %
Support services	18,368,553	17,706,344	3.74 %
Extracurricular activities	800,295	785,508	1.88 %
Facilities acquisition and construction	35,775	-	100.00 %
Debt service	<u>976,134</u>	<u>550,172</u>	77.42 %
Total	<u>\$ 55,833,385</u>	<u>\$ 50,806,600</u>	9.89 %

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 2008, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$56,841,782, which was higher than the original budget estimate of \$52,100,260. Actual revenues and other financing sources for fiscal 2008 was \$57,374,849. This represents a \$533,067 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$59,956,627 were increased to \$61,397,628 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$58,471,740, which was \$2,925,888 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the District had \$13,985,134 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles, net of accumulated depreciation. This entire amount is reported in governmental activities.

The following table shows fiscal 2008 balances compared to 2007:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 416,459	\$ 416,459
Land improvements	342,671	299,982
Building and improvements	10,161,543	8,574,033
Furniture and equipment	1,862,297	1,085,859
Vehicles	<u>1,202,164</u>	<u>1,132,511</u>
Total	<u>\$ 13,985,134</u>	<u>\$ 11,508,844</u>

Total additions to capital assets for 2008 were \$3,694,190. The overall increase in capital assets of \$2,476,290 is primarily due to additions exceeding the recording of \$1,168,776 in depreciation expense and disposals of \$49,124 (net of accumulated depreciation) for fiscal 2008.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2008, the District had \$2,318,986 in asbestos removal loans and capital lease obligations outstanding. Of this total, \$388,149 is due within one year and \$1,930,837 is due in greater than one year. The following table summarizes the loans and lease obligations outstanding.

	Outstanding Debt, at Year End	
	Governmental Activities	Governmental Activities
	<u>2008</u>	<u>2007</u>
Asbestos removal loans	\$ 419,537	\$ 527,598
Energy conservation loans	-	584,206
Capital lease obligations	<u>1,899,449</u>	<u>2,166,510</u>
Total	<u>\$ 2,318,986</u>	<u>\$ 3,278,314</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Current Financial Related Activities

The District has carefully managed its finances in order to maximize the dollars spent on educating students; however, unpredictable costs and limited revenue streams continue to make it difficult. The biggest challenge for the district is the uncertainty of the economy and the impact it will have on revenues, especially the revenue that comes from the State of Ohio, which amounts to nearly one-third of the District's general fund. The District's ongoing challenge of addressing its facility needs was heightened by two major floods that hit the Findlay community in August 2007 and February 2008. The District suffered major damage to its administrative offices, which were located in the basement of Central Middle School, as well as damage to a lesser extent at seven (7) other buildings. The District has sought reimbursement from FEMA and the State of Ohio for over \$2.5 million in damages and expects to receive enough financial support to cover all but \$600,000 of the costs of the flood.

The passage of a 2.5 mill permanent improvement levy in May 2006 has helped to alleviate many facility needs. The District hopes to eventually consolidate the south, north, and east campuses of Millstream Career and Technology Center into one location. The District also hopes to convert its three (3) small middle schools into two (2) larger, more efficient, newly constructed middle schools. Funding for these building consolidations has been pursued through the Ohio School Facilities Committee (OSFC) under their Exceptional Needs Program (ENP) and Emergency Assistance Program (EAP). The ENP helps school districts address specific facility needs within a district rather than the OSFC's usual practice of addressing all of the buildings within a district. The District has been approved for participation in this program. Funding will be provided for construction based on the OSFC's specifications where the school district must provide a local match based on the district's property values. In the case of Findlay City Schools, the local required match is sixty eight percent (68%) while OSFC will provide thirty-two percent (32%). In order to provide that much funding for new buildings, the District will have to put a bond levy on the ballot and pass it before December 2009.

In November 2008, the District replaced a five-year 5.9 mill levy that is scheduled to expire at the end of calendar year 2009 with another five-year 5.9 mill levy where collections will begin in calendar year 2010. This levy will retain present collections of \$4.1 million in addition to another \$0.6 million.

In order to meet past challenges, the District developed and implemented a fiscal health plan for 2006 through 2010. The plan includes strategies for diversifying revenue sources and reducing expenditures. The District will continue to implement and update the plan as it remains fiscally vigilant and works through the present national economic recession. The District has committed itself to educational and financial excellence and the District's Board and management team will continue to work with the community it serves to provide the best education and the best resources possible to its students, teachers, employees and community.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's 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. Michael T. Barnhart, Treasurer, Findlay City School District, 1219 West Main Cross, Suite 101, Findlay, Ohio 45840.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Component Unit Findlay Digital Academy
Assets:		
Equity in pooled cash and cash equivalents . . .	\$ 15,840,069	\$ 451,982
Receivables:		
Taxes	35,065,555	-
Accounts	47,965	-
Intergovernmental	1,000,680	-
Accrued interest	129,361	-
Prepayments	97,957	-
Materials and supplies inventory	65,279	-
Capital assets:		
Land	416,459	-
Depreciable capital assets, net	13,568,675	38,119
Total capital assets, net	13,985,134	38,119
Total assets	66,232,000	490,101
Liabilities:		
Accounts payable	552,478	46,540
Accrued wages and benefits	4,628,994	-
Pension obligation payable	1,425,340	-
Intergovernmental payable	419,653	2,448
Unearned revenue	31,544,486	-
Claims payable	1,477,393	-
Accrued interest payable	7,961	-
Long-term liabilities:		
Due within one year	1,125,416	-
Due in more than one year	4,795,935	-
Total liabilities	45,977,656	48,988
Net Assets:		
Invested in capital assets, net of related debt	11,666,148	38,119
Restricted for:		
Capital projects	1,432,016	-
Locally funded programs	46,053	-
State funded programs	48,130	-
Federally funded programs	154,399	-
Student activities	357,324	-
Scholarships:		
Nonexpendable	618,000	-
Expendable	81,841	-
Other purposes	51,503	-
Unrestricted	5,798,930	402,994
Total net assets	\$ 20,254,344	\$ 441,113

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets	
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit Findlay Digital Academy
Governmental Activities:						
Instruction:						
Regular	\$ 26,196,394	\$ 2,452,073	\$ 604,819	\$ 233,259	\$ (22,906,243)	\$ -
Special	7,342,020	397,500	2,932,001	-	(4,012,519)	-
Vocational	2,974,529	603,375	392,516	-	(1,978,638)	-
Other	2,245,606	70,000	8	-	(2,175,598)	-
Support services:						
Pupil	2,830,187	-	308,060	31,767	(2,490,360)	-
Instructional staff	3,953,929	141	950,239	-	(3,003,549)	-
Board of education	172,550	-	-	-	(172,550)	-
Administration	3,867,750	10,327	17,347	-	(3,840,076)	-
Fiscal	1,493,860	-	-	-	(1,493,860)	-
Operations and maintenance	5,410,595	79,575	385,098	297	(4,945,625)	-
Pupil transportation	2,151,281	969	84,846	20,071	(2,045,395)	-
Central	170,094	-	21,989	-	(148,105)	-
Operation of non-instructional services	487,370	48,618	468,226	-	29,474	-
Extracurricular activities	1,357,637	447,455	17,976	7,613	(884,593)	-
Food service operations	1,884,913	851,519	903,208	-	(130,186)	-
Interest and fiscal charges	121,236	-	-	-	(121,236)	-
Total governmental activities	<u>\$ 62,659,951</u>	<u>\$ 4,961,552</u>	<u>\$ 7,086,333</u>	<u>\$ 293,007</u>	<u>(50,319,059)</u>	<u>-</u>
Component Unit:						
Findlay Digital Academy	\$ 392,292	\$ -	\$ 440,727	\$ -	-	48,435
Total component unit	<u>\$ 392,292</u>	<u>\$ -</u>	<u>\$ 440,727</u>	<u>\$ -</u>	<u>-</u>	<u>48,435</u>
Totals	<u>\$ 63,052,243</u>	<u>\$ 4,961,552</u>	<u>\$ 7,527,060</u>	<u>\$ 293,007</u>	<u>(50,319,059)</u>	<u>-</u>

General Revenues:

Property taxes levied for:		
General purposes	27,357,581	-
Debt service	108,061	-
Capital projects	1,995,210	-
Grants and entitlements not restricted to specific programs	24,497,427	30,578
Investment earnings	509,130	14,138
Miscellaneous	504,321	-
Total general revenues	<u>54,971,730</u>	<u>44,716</u>
Change in net assets	4,652,671	93,151
Net assets at beginning of year	<u>15,601,673</u>	<u>347,962</u>
Net assets at end of year	<u>\$ 20,254,344</u>	<u>\$ 441,113</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 9,679,158	\$ 4,094,241	\$ 13,773,399
Receivables:			
Property taxes	33,017,337	2,048,218	35,065,555
Accounts	33,862	14,103	47,965
Intergovernmental.	773,052	227,628	1,000,680
Accrued interest.	129,289	72	129,361
Interfund loans	431,551	-	431,551
Prepayments	97,957	-	97,957
Materials and supplies inventory.	49,357	15,922	65,279
Restricted assets:			
Equity in pooled cash and cash equivalents.	51,503	-	51,503
Total assets.	<u>\$ 44,263,066</u>	<u>\$ 6,400,184</u>	<u>\$ 50,663,250</u>
Liabilities:			
Accounts payable.	\$ 304,691	\$ 247,787	\$ 552,478
Accrued wages and benefits	4,346,149	282,845	4,628,994
Compensated absences payable.	59,721	-	59,721
Pension obligation payable	1,341,019	84,321	1,425,340
Intergovernmental payable	384,263	35,390	419,653
Interfund loans payable.	-	431,551	431,551
Deferred revenue	2,711,081	171,393	2,882,474
Unearned revenue.	29,329,172	2,215,314	31,544,486
Total liabilities	<u>38,476,096</u>	<u>3,468,601</u>	<u>41,944,697</u>
Fund Balances:			
Reserved for encumbrances	1,397,460	1,324,961	2,722,421
Reserved for materials and supplies inventory.	49,357	15,922	65,279
Reserved for tax revenue unavailable for appropriation.	1,375,000	101,000	1,476,000
Reserved for prepayments	97,957	-	97,957
Reserved for school bus purchases	51,503	-	51,503
Reserved for scholarships	-	618,000	618,000
Unreserved, undesignated (deficit), reported in:			
General fund	2,815,693	-	2,815,693
Special revenue funds.	-	662,125	662,125
Capital projects funds.	-	148,734	148,734
Permanent fund	-	60,841	60,841
Total fund balances	<u>5,786,970</u>	<u>2,931,583</u>	<u>8,718,553</u>
Total liabilities and fund balances	<u>\$ 44,263,066</u>	<u>\$ 6,400,184</u>	<u>\$ 50,663,250</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances		\$	8,718,553
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			13,985,134
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	2,445,069	
Intergovernmental revenue		308,155	
Accrued interest		129,250	
Total			2,882,474
An internal service fund is used by management to charge the costs of health and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			537,774
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(7,961)
Long-term liabilities, including loans payable and capital lease obligation, are not due and payable in the current period and therefore are not reported in the funds.			
Asbestos removal loans		419,537	
Capital lease obligation		1,899,449	
Compensated absences		3,542,644	
Total			(5,861,630)
Net assets of governmental activities		\$	20,254,344

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 27,192,230	\$ 2,075,574	\$ 29,267,804
Tuition	2,403,515	158,085	2,561,600
Earnings on investments	535,581	128,855	664,436
Charges for services	-	851,519	851,519
Extracurricular	-	475,029	475,029
Classroom materials and fees	10,814	347,313	358,127
Other local revenues	347,323	714,759	1,062,082
Intergovernmental - State	25,138,076	940,087	26,078,163
Intergovernmental - Federal	<u>1,573,273</u>	<u>3,988,427</u>	<u>5,561,700</u>
Total revenue	<u>57,200,812</u>	<u>9,679,648</u>	<u>66,880,460</u>
Expenditures:			
Current:			
Instruction:			
Regular	25,032,506	1,601,961	26,634,467
Special	5,702,150	1,418,178	7,120,328
Vocational	2,703,361	132,050	2,835,411
Other	2,214,611	7,586	2,222,197
Support Services:			
Pupil	2,380,882	393,196	2,774,078
Instructional staff	2,800,970	951,140	3,752,110
Board of education	170,763	-	170,763
Administration	3,696,600	47,020	3,743,620
Fiscal	1,455,936	1,394	1,457,330
Operations and maintenance	5,669,309	628,568	6,297,877
Pupil transportation	2,117,311	21,485	2,138,796
Central	76,782	89,998	166,780
Operation of non-instructional services	-	437,777	437,777
Extracurricular activities	800,295	548,247	1,348,542
Facilities acquisition and construction	35,775	1,317,620	1,353,395
Food service operations	-	1,839,020	1,839,020
Debt service:			
Principal retirement	851,267	108,061	959,328
Interest and fiscal charges	<u>124,867</u>	<u>-</u>	<u>124,867</u>
Total expenditures	<u>55,833,385</u>	<u>9,543,301</u>	<u>65,376,686</u>
Excess of revenues over expenditures	<u>1,367,427</u>	<u>136,347</u>	<u>1,503,774</u>
Other financing sources (uses):			
Transfers in	-	665,000	665,000
Transfers (out)	<u>(665,000)</u>	<u>-</u>	<u>(665,000)</u>
Total other financing sources (uses)	<u>(665,000)</u>	<u>665,000</u>	<u>-</u>
Net change in fund balances	702,427	801,347	1,503,774
Fund balances			
at beginning of year	5,085,217	2,137,347	7,222,564
Decrease in reserve for inventory	(674)	(7,111)	(7,785)
Fund balances at end of year	<u>\$ 5,786,970</u>	<u>\$ 2,931,583</u>	<u>\$ 8,718,553</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds	\$	1,503,774
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$3,694,190) exceeds depreciation expense (\$1,168,776) in the current period.		2,525,414
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals, sales, trade-ins, and donations) is to decrease net assets.		(49,124)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities they are reported as an expense when consumed.		(7,785)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		344,171
Repayment of loan and capital lease obligation principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		959,328
In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.		3,631
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.		(467,542)
The internal service fund used by management to charge the costs of health and dental insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net loss of the internal service fund is allocated among the governmental activities.		(159,196)
Change in net assets of governmental activities	\$	<u>4,652,671</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 24,588,498	\$ 26,741,523	\$ 27,037,230	\$ 295,707
Tuition	2,417,333	2,629,000	2,620,429	(8,571)
Earnings on investments	619,275	673,500	665,293	(8,207)
Classroom materials and fees	7,356	8,000	12,740	4,740
Other local revenues	262,514	285,500	353,351	67,851
Intergovernmental - state	22,964,774	24,975,623	24,924,976	(50,647)
Intergovernmental - federal	781,564	850,000	1,281,987	431,987
Total revenue	<u>51,641,314</u>	<u>56,163,146</u>	<u>56,896,006</u>	<u>732,860</u>
Expenditures:				
Current:				
Instruction:				
Regular	24,341,539	27,093,465	25,491,344	1,602,121
Special	5,829,179	5,828,509	5,760,176	68,333
Vocational	2,948,532	2,838,532	2,729,689	108,843
Other instruction	2,461,052	2,461,053	2,410,460	50,593
Support Services:				
Pupil	2,491,040	2,491,040	2,367,337	123,703
Instructional staff	2,689,196	2,799,196	2,785,755	13,441
Board of education	187,575	202,575	185,194	17,381
Administration	3,947,861	3,923,577	3,772,642	150,935
Fiscal	1,569,078	1,569,078	1,472,264	96,814
Operations and maintenance	8,712,487	6,962,487	6,882,921	79,566
Pupil transportation	2,581,642	2,572,031	2,297,461	274,570
Central	71,900	96,900	87,456	9,444
Extracurricular activities	896,180	903,819	808,708	95,111
Facilities acquisition and construction	40,000	40,000	40,000	-
Debt Service:				
Principal retirement	158,033	584,206	584,206	-
Interest and fiscal charges	23,833	23,660	23,621	39
Total expenditures	<u>58,949,127</u>	<u>60,390,128</u>	<u>57,699,234</u>	<u>2,690,894</u>
Excess of revenues over (under) expenditures	<u>(7,307,813)</u>	<u>(4,226,982)</u>	<u>(803,228)</u>	<u>3,423,754</u>
Other financing sources (uses):				
Transfers (out)	(665,000)	(665,000)	(665,000)	-
Advances in	454,993	674,336	474,336	(200,000)
Advances (out)	(340,000)	(340,000)	(106,706)	233,294
Proceeds from sale of capital assets	3,034	3,300	4,203	903
Refund of prior year expenditure	919	1,000	304	(696)
Refund of prior year receipts	(2,500)	(2,500)	(800)	1,700
Total other financing sources (uses)	<u>(548,554)</u>	<u>(328,864)</u>	<u>(293,663)</u>	<u>35,201</u>
Net change in fund balance	(7,856,367)	(4,555,846)	(1,096,891)	3,458,955
Fund balance at beginning of year	7,145,488	7,145,488	7,145,488	-
Prior year encumbrances appropriated	1,993,779	1,993,779	1,993,779	-
Fund balance at end of year	<u>\$ 1,282,900</u>	<u>\$ 4,583,421</u>	<u>\$ 8,042,376</u>	<u>\$ 3,458,955</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 2,015,167
Total assets	<u>2,015,167</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>1,477,393</u>
Total liabilities	<u>1,477,393</u>
Net assets:	
Unrestricted	<u>537,774</u>
Total net assets	<u><u>\$ 537,774</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	\$ 6,461,323
Total operating revenues	<u>6,461,323</u>
Operating expenses:	
Purchased services.	591,525
Claims	<u>6,116,985</u>
Total operating expenses	<u>6,708,510</u>
Operating loss	<u>(247,187)</u>
Nonoperating revenues:	
Interest revenue	<u>87,991</u>
Total nonoperating revenues	<u>87,991</u>
Change in net assets.	(159,196)
Net assets at beginning of year.	<u>696,970</u>
Net assets at end of year	<u><u>\$ 537,774</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 6,533,223
Cash payments for purchased services	(591,525)
Cash payments for claims.	<u>(5,944,142)</u>
Net cash used in operating activities	<u>(2,444)</u>
Cash flows from investing activities:	
Interest received.	<u>87,991</u>
Net cash provided by investing activities	<u>87,991</u>
Net decrease in cash and cash equivalents	85,547
Cash and cash equivalents at beginning of year	<u>1,929,620</u>
Cash and cash equivalents at end of year.	<u><u>\$ 2,015,167</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (247,187)
Changes in assets and liabilities:	
Decrease in accounts receivable.	71,900
Increase in claims payable	<u>172,843</u>
Net cash used in operating activities	<u><u>\$ (2,444)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 43,759	\$ 134,672
Receivables:		
Accounts	-	1,899
Total assets	43,759	\$ 136,571
Liabilities:		
Accounts payable.	-	\$ 2,609
Intergovernmental payable	-	14
Due to students	-	133,948
Total liabilities	-	\$ 136,571
Net Assets:		
Held in trust for scholarships.	43,759	
Total net assets	\$ 43,759	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 2,327
Gifts and contributions.	19,842
	22,169
Deductions:	
Scholarships awarded	29,781
Change in net assets	(7,612)
Net assets at beginning of year	51,371
Net assets at end of year.	\$ 43,759

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally elected, five-member Board and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. The Board controls the District's fourteen instructional facilities and one support facility staffed by 488 certified teaching personnel, 365 classified support personnel, and 51 administrators.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 48th largest (among 896 public school districts and community schools) in terms of total enrollment in the State, and the largest in Hancock County. It currently operates 9 elementary schools, 3 middle schools, 1 high school, and a vocational center, to provide services to approximately 5,992 students in grades K-12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. 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", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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. Based upon the application of these criteria, the District has one component unit. The basic financial statements of the reporting entity include those of the District (the primary government) and the component unit. The following organizations are described due to their relationship to the District:

DISCRETELY PRESENTED COMPONENT UNIT

Findlay Digital Academy

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

The Academy is included as a component unit of the District because the District appoints the Academy's Board of Directors. Therefore, the District is able to significantly influence the programs or services performed or provided by the organization. In addition, should the Academy discontinue operations for any reason, the District is legally entitled to the Academy's resources. Based on the District's relationship with the Academy and due to the resources and services provided by the District to the Academy, it would be misleading to exclude the Academy from the District's financial reporting entity and as such, the Academy warrants inclusion in the District's financial statements as a discretely presented component unit.

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

The Governing Board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as Director, at 645 South Main Street, Lima, Ohio 45804.

PUBLIC ENTITY RISK POOLS

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) activity relating to the repayment of general long-term debt principal, interest and related costs; (c) grants and other resources whose use is restricted to a particular purpose; and (d) food service and uniform school supplies operations.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds include a private-purpose trust fund and an agency fund. Trust funds account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements - The statement of net assets 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. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each 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 - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reported on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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. The principal operating revenues of the District's internal service fund are charges for sales and services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

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 financial statements as an expense with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund and function level for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Tax Budget:

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificates issued during the fiscal year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Appropriations:

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

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

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

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. 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 basic financial statements.

During fiscal year 2008, investments were limited to nonnegotiable certificates of deposits, federal agency securities, a U.S. treasury money market mutual fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2008. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$535,581, which includes \$126,387 assigned from other District funds.

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

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

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. Inventories are accounted for using the purchase method on the governmental fund financial statements and using the consumption method on the government-wide financial statements.

Inventory consists of general supplies, purchased food and donated food.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, 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 deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. 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 capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Equipment and furniture	5 - 20 years
Vehicles	5 - 10 years

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

I. Interfund Balances

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. The liability is an estimate based on the District's past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Loans are recognized as a liability on the fund financial statements when due.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, tax revenue unavailable for appropriation, prepayments, school bus purchases, and scholarships. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents the amount restricted by State statute for school bus purchases.

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set-aside for school bus purchases. See Note 16 for details.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Q. Interfund Activity

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

R. Parochial Schools

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

S. 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 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 13) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Private purpose special revenue	\$ 97,539
Special enterprise	11,860
Poverty aid	19,744
Title I disadvantaged children	117,532
Drug free school grant	7,335
Improving teacher quality	1,253

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit balances are the result of 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time, and;
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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. 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. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$4,535,928. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$3,366,000 of the District's bank balance of \$5,223,209 was covered by the Federal Deposit Insurance Corporation, while \$1,857,209 was exposed to custodial risk as discussed below.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and 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.

B. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>More than 24 months</u>
FFCB	\$ 296,532	\$ -	\$ -	\$ -	\$ -	\$ 296,532
FHLB	3,292,008	-	252,658	-	-	3,039,350
FHLMC	2,651,295	-	-	-	-	2,651,295
FNMA	4,666,754	-	-	-	1,521,921	3,144,833
U.S. Treasury fund	47,045	47,045	-	-	-	-
STAR Ohio	528,938	528,938	-	-	-	-
Total	<u>\$ 11,482,572</u>	<u>\$ 575,983</u>	<u>\$ 252,658</u>	<u>\$ -</u>	<u>\$ 1,521,921</u>	<u>\$ 9,132,010</u>

The weighted average maturity of investments is 3.58 years.

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

Credit Risk: The District's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond the adherence to Chapter 135 of the Ohio Revised Code, of which all relevant provisions are described previously in this note disclosure (Note 4).

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of market value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment</u>	<u>Fair Value</u>	<u>Percent of Total</u>
FFCB	\$ 296,532	2.58
FHLB	3,292,008	28.67
FHLMC	2,651,295	23.09
FNMA	4,666,754	40.64
U.S. Treasury fund	47,045	0.41
STAR Ohio	<u>528,938</u>	<u>4.61</u>
Total	<u>\$ 11,482,572</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 4,535,928
Investments	<u>11,482,572</u>
Total	<u>\$ 16,018,500</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 15,840,069
Private-purpose trust funds	43,759
Agency funds	<u>134,672</u>
Total	<u>\$ 16,018,500</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2008 consisted of the following interfund loans receivable and payable, as reported on the fund financial statements:

<u>Interfund loans receivable in the general fund from:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 431,551

The primary purpose of these interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B. Interfund transfers for the fiscal year ended June 30, 2008 consisted of the following transfers, as reported in the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 665,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

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, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2007-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Hancock County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available as an advance at June 30, 2008 was \$1,375,000 in the general fund and \$101,000 in the permanent improvement capital projects fund (a nonmajor governmental fund). These amounts are reported as revenue. The amount available for advance at June 30, 2007 was \$1,220,000 in the general fund and \$90,000 in the permanent improvement capital projects fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary depending upon when the tax bills are sent by the County Auditor.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 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 revenue.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 732,408,130	89.72	\$ 774,075,810	94.05
Public utility personal property	22,421,120	2.75	18,881,860	2.29
Tangible personal property	<u>61,443,228</u>	<u>7.53</u>	<u>30,088,700</u>	<u>3.66</u>
Total	<u>\$ 816,272,478</u>	<u>100.00</u>	<u>\$ 823,046,370</u>	<u>100.00</u>

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

General operations	\$ 58.25	\$ 58.25
Permanent improvement	2.50	2.50

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables reported on the statement of net assets follows:

Governmental activities

Taxes	\$ 35,065,555
Accounts	47,965
Intergovernmental	1,000,680
Accrued interest	<u>129,361</u>
 Total	 <u>\$ 36,243,561</u>

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance		Balance	
<u>Governmental activities</u>	<u>06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 416,459	\$ -	\$ -	\$ 416,459
<i>Total capital assets, not being depreciated</i>	<u>416,459</u>	<u>-</u>	<u>-</u>	<u>416,459</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,173,832	119,435	-	1,293,267
Buildings and improvements	24,202,397	2,366,730	(7,279)	26,561,848
Equipment and furniture	9,609,514	975,004	(157,444)	10,427,074
Vehicles	<u>2,978,072</u>	<u>233,021</u>	<u>(214,134)</u>	<u>2,996,959</u>
<i>Total capital assets, being depreciated</i>	<u>37,963,815</u>	<u>3,694,190</u>	<u>(378,857)</u>	<u>41,279,148</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(873,850)	(76,746)	-	(950,596)
Buildings and improvements	(15,628,364)	(772,871)	930	(16,400,305)
Equipment and furniture	(8,523,655)	(177,206)	136,084	(8,564,777)
Vehicles	<u>(1,845,561)</u>	<u>(141,953)</u>	<u>192,719</u>	<u>(1,794,795)</u>
<i>Total accumulated depreciation</i>	<u>(26,871,430)</u>	<u>(1,168,776)</u>	<u>329,733</u>	<u>(27,710,473)</u>
Total capital assets, net	<u>\$ 11,508,844</u>	<u>\$ 2,525,414</u>	<u>\$ (49,124)</u>	<u>\$ 13,985,134</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 664,582
Special	70,393
Vocational	88,263
<u>Support services:</u>	
Pupil	16,231
Instructional staff	20,442
Administration	32,298
Fiscal	14,353
Operations and maintenance	50,159
Pupil transportation	141,021
Other non-instructional services	42,634
Extracurricular activities	9,886
Food service operations	<u>18,514</u>
Total depreciation expense	<u>\$ 1,168,776</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior fiscal years, the District entered into leases for the acquisition of buildings, vehicles, equipment, and musical instruments. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee.

Capital assets acquired by capital lease have been capitalized in the amount of \$4,709,477. This amount represents the present value of the minimum lease payments at the time of acquisition. Of this amount, \$3,976,043 is reported in buildings and improvements, \$612,328 in equipment and furniture, and \$121,106 in vehicles. For fiscal year 2008, depreciation expense on capital assets acquired by capital lease totaled \$97,853. At June 30, 2008, accumulated depreciation on capital assets acquired by capital lease equaled \$1,439,484, and net capital assets acquired by capital lease totaled \$3,269,993. A corresponding liability has been recorded on the government-wide financial statements.

Capital lease payments are reported as function/program expenditures in the budgetary statements. These payments have been reclassified and are reflected as debt service expenditures in the governmental fund financial statements. For fiscal year 2008, principal and interest payments in the general fund equaled \$267,061 and \$101,246, respectively.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a long-term schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 368,307
2010	368,307
2011	368,308
2012	368,307
2013	368,307
2014	<u>368,454</u>
Total minimum lease payments	2,209,990
Less: amount representing interest	<u>(310,541)</u>
Total	<u>\$ 1,899,449</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

<u>Governmental activities</u>	<u>Balance at</u> <u>06/30/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>06/30/08</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<u>Loans payable</u>					
Asbestos removal loans	\$ 527,598	\$ -	\$ (108,061)	\$ 419,537	\$ 108,061
Energy conservation loans	<u>584,206</u>	<u>-</u>	<u>(584,206)</u>	<u>-</u>	<u>-</u>
Total loans payable	<u>1,111,804</u>	<u>-</u>	<u>(692,267)</u>	<u>419,537</u>	<u>108,061</u>
<u>Other long-term obligations</u>					
Capital lease obligation	2,166,510	-	(267,061)	1,899,449	280,088
Compensated absences	<u>3,582,730</u>	<u>780,973</u>	<u>(761,338)</u>	<u>3,602,365</u>	<u>737,267</u>
Total other long-term obligations	<u>5,749,240</u>	<u>780,973</u>	<u>(1,028,399)</u>	<u>5,501,814</u>	<u>1,017,355</u>
Total governmental activities	<u>\$ 6,861,044</u>	<u>\$ 780,973</u>	<u>\$ (1,720,666)</u>	<u>\$ 5,921,351</u>	<u>\$ 1,125,416</u>

The asbestos removal loans were issued during fiscal year 1993, mature in fiscal year 2013, and are interest-free. Principal payments on the asbestos removal loans are made out of the bond retirement debt service fund (a nonmajor governmental fund).

The energy conservation loans were issued during fiscal years 2005 and 2006, were retired early in fiscal year 2008, and carried an interest rate of 4.297%. Principal payments on the energy conservation loans were made out of the General fund.

See Note 9 for detailed information on the capital lease obligation.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- B.** As of June 30, 2008, principal and interest requirements to retire the asbestos removal loans are as follows:

Fiscal Year Ending June 30,	Asbestos Removal Loans		
	Principal	Interest	Total
2009	\$ 108,061	\$ -	\$ 108,061
2010	108,061	-	108,061
2011	100,314	-	100,314
2012	100,314	-	100,314
2013	2,787	-	2,787
Total	<u>\$ 419,537</u>	<u>\$ -</u>	<u>\$ 419,537</u>

C. Legal Debt Margins

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

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

The effects of these debt limitations at June 30, 2008 are a legal voted debt margin of \$69,666,823, a legal unvoted debt margin of \$774,076, and a legal energy conservation debt margin of \$6,966,682.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the District contracted with the Indiana Insurance Company for property and general liability insurance.

Professional liability is provided by the Indiana Insurance Company with a \$5,000,000 annual aggregate (includes \$3,000,000 umbrella coverage) / \$1,000,000 single occurrence limit and a \$5,000 deductible. Vehicles are covered by the Indiana Insurance Company and carry a \$1,000 (buses) and \$250 (other vehicles) deductible for comprehensive and a \$1,000 (buses) and \$500 (other vehicles) deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

The District participates in the Bureau of Workers' Compensation Retrospective Rating Plan (the "Plan"). The Plan is an alternative rating plan that allows employers to initially pay the Bureau of Workers' Compensation significantly less premium by assuming the responsibility of paying all compensation and medical expenses for claims incurred in that policy year. The greater the portion of risk assumed by the employer, the greater the potential reduction in premiums. Employers who enroll into this program are responsible for their claims costs for a ten year period. This program is generally attractive for employers that pay premiums in excess of \$300,000 annually.

C. Employee Health Insurance

The District's health insurance is funded through a self-insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. One plan provides a comprehensive medical/surgical plan with deductibles ranging from \$200 for family coverage and \$100 for single coverage. The District's plan is a Preferred Provider Program through the Anthem network, which has co-pays ranging from \$20 to \$50 and includes a drug card. Deductibles of \$200 for family coverage and \$100 for single coverage apply for out-of-network services only. Maximum out of pocket expenses for employees is \$900 in addition to the deductibles applies to out-of-network services only. The District purchases stop loss coverage of \$125,000 per employee. The District and employees pay into the self-insurance internal service fund. The District's monthly portion for the majority of its employees is \$1,044 for family coverage and \$408 for single coverage. The employee's monthly portion for the majority of employees is \$98 for family coverage and \$31 for single coverage. The premiums are paid by the fund that pays the salary for the employees and is based on historical cost information.

Dental and vision coverage is also provided on self-insured basis through Administrative Service Consultants. Premiums for its coverage are \$76.77 monthly for family coverage and \$29.53 for single coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims payable liability of \$1,477,393 reported in the Employee Benefits Self Insurance fund at June 30, 2008 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", and as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability be reported for unpaid claims costs, including estimates of costs relating to incurred but not reported claims. The claims liability is based on an estimate supplied by the District's third party administrator. Changes in the claims payable liability for the current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2008	\$ 1,304,550	\$ 6,116,985	\$ (5,944,142)	\$ 1,477,393
2007	1,330,647	5,703,376	(5,729,473)	1,304,550

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no provisions are required by the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$729,881, \$787,761, and \$771,315, respectively; 42.84 percent has been contributed for fiscal year 2008, and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 12 - PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$3,405,244, \$3,435,930, and \$3,477,344, respectively; 81.83 percent has been contributed for fiscal year 2008, and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$44,795 made by the District and \$77,896 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$451,967, \$380,221, and \$390,256, respectively; 42.84 percent has been contributed for fiscal year 2008, and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006, were \$52,590, \$53,568, and \$61,390, respectively; 42.84 percent has been contributed for fiscal year 2008, and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$261,942, \$264,302, and \$267,488, respectively; 81.83 percent has been contributed for fiscal year 2008, and 100 percent for fiscal years 2007 and 2006.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis);
- (e) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,096,891)
Net adjustment for revenue accruals	304,806
Net adjustment for expenditure accruals	161,224
Net adjustment for other financing sources/uses	(371,337)
Adjustment for encumbrances	<u>1,704,625</u>
GAAP basis	<u>\$ 702,427</u>

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 16 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2007	\$ (3,574,647)	\$ -
Current year set-aside requirement	987,071	987,071
Current year qualifying expenditures	<u>(2,016,542)</u>	<u>(2,451,556)</u>
Total	<u>\$ (4,604,118)</u>	<u>\$ (1,464,485)</u>
Balance carried forward to FY2009	<u>\$ (4,604,118)</u>	<u>\$ -</u>

The District had qualifying expenditures during the year that reduced the instructional materials set-aside amount below zero. This negative amount can be used to reduce the instructional materials set-aside requirement in future years and therefore is presented as being carried forward to fiscal year 2009.

The District had qualifying expenditures during the year that reduced the capital acquisition set-aside amount below zero. This negative amount cannot be used to reduce the capital acquisition set-aside requirement in future years, and therefore is not presented as being carried forward to fiscal year 2009.

A schedule of the governmental funds restricted assets at June 30, 2008 is as follows:

Amount restricted for school bus purchases	<u>\$ 51,503</u>
Total	<u>\$ 51,503</u>

NOTE 17 - FINDLAY DIGITAL ACADEMY

The Findlay Digital Academy (the “Academy”) has been determined to be a discretely presented component unit of the District. The District’s management has determined that the Academy is significant. Therefore, the component unit has been included in the District’s basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes basic financial statements and supplementary information. This report may be obtained by writing to Michael Barnhart, Treasurer, Findlay Digital Academy at 1219 W. Main Cross, Findlay, Ohio 45840.

A. Description of the Digital Academy

The Academy is a Conversion Community School established pursuant to Ohio Revised Code Chapter 3314, and sponsored by the District to serve ninth through twelfth grade students living in the District. The Academy’s mission is to enhance and facilitate student learning by combining state-of-the-art digital curriculum with access to local school resources to complement that instruction and prepare students to become lifelong learners and productive citizens.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - FINDLAY DIGITAL ACADEMY - (Continued)

The Academy is an innovative program operated as a cooperative effort between the Academy's Board of Directors and the District. The Academy was approved for operation under a contract with the District commencing on April 1, 2004 and expiring on June 30, 2008. Another contract was signed in June 2008 to go through June 30, 2013. The Academy enrolled its first students in January 2005. The District is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy is governed by a seven-member Board of Directors. The Board is comprised of the District's Superintendent, the District's High School Principal, and one (1) other licensed administrator who is employed by the District. The Board also includes three (3) other persons who are neither officers nor employees of the Academy who serve as voting members. Those three may include a public educator or other public official representing a governmental entity that desires to further the establishment and operation of the Academy, one parent of a student enrolled in the Academy, and a representative from the Tri-Rivers Educational Computer Association (TRECA) who within one year following the Academy's incorporation may be replaced by a District administrator. The District's Treasurer serves as a nonvoting ex-officio member of the Board.

The Academy uses distance-learning technology to deliver instruction via computers to students, either in their homes or a group-learning environment such as a computer classroom at school. Although the Academy cannot exercise control over the home environments in which instruction will be received, it attempts to take reasonable steps to ensure compliance with health and safety standards deemed available to its students and within the Academy's control.

B. Summary of Significant Accounting Policies

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental and proprietary activities, provided they do not conflict with or contradict GASB pronouncements. The Academy's significant accounting policies are described below.

Basis of Presentation: The Academy's basic financial statements consist of a statement of net assets; a statement of revenue, expenses, and changes in net assets; and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

Measurement Focus: Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

Basis of Accounting: Basis of accounting determines when transactions are recorded in the financial records and reported in the basic financial statements. The Academy's basic financial statements are prepared using the accrual basis of accounting.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - FINDLAY DIGITAL ACADEMY - (Continued)

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and donations. 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 resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Expenses are recognized at the time they are incurred.

Budgetary Process: Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its sponsor. The contract between the Academy and the District does not prescribe a budgetary process for the Academy; therefore no budgetary information is presented in the basic financial statements.

Cash and Cash Equivalents: All monies received by the Academy are accounted for by the Academy's fiscal agent, the District. All cash received by the fiscal agent is maintained in separate accounts in the Academy's name. For purposes of the statement of cash flows and presentation on the statement of net assets, investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. The Academy had no investments during the fiscal year.

Capital Assets: Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The Academy maintains a capitalization threshold of one thousand dollars. The Academy does not possess any infrastructure.

Depreciation of furniture and equipment is computed using the straight-line method over an estimated useful life of five years.

Net Assets: Net assets represent the difference between assets and liabilities. Invested in Capital Assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses: Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily foundation payments from the State. Operating expenses are necessary costs which are incurred to provide the goods or services that are the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

Intergovernmental Revenues: The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - FINDLAY DIGITAL ACADEMY - (Continued)

Federal and State grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. 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 Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

The Academy participates in various programs through the Ohio Department of Education. These include the Federal Charter School Grant Program, Title VI-B, Title I, Title II-A, Title II-D, Title V and an EMIS subsidy grant.

Estimates: The preparation of basic financial statements in conformity with generally accepted accounting principles 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.

C. Deposits and Investments

Deposits: At fiscal year end, the carrying amount of the Academy's deposits was \$3,131 and the bank balance was \$13,163. Of the bank balance, \$13,163 was covered by the Federal Deposit Insurance Corporation (Category 1).

Investments: At fiscal year end, the Academy had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAR Ohio	\$ 248,518	55.37
FNMA	<u>200,333</u>	<u>44.63</u>
Total	<u>\$ 448,851</u>	<u>100.00</u>

The weighted maturity of the investment in STAR Ohio is one day and the weighted maturity of the investment in FNMA is 4.67 years.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Academy manages its exposure to interest rate risk and declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the investment policy, the Academy manages its exposure to credit risk by limiting their investment to STAR Ohio and Government Sponsored Enterprises (GSE's). Investments in STAR Ohio were rated AAAM by Standard & Poor's. The investment in FNMA was rated AAA by Standard & Poor's.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - FINDLAY DIGITAL ACADEMY - (Continued)

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the investment policy, the Academy allows investments in certificates of deposits or in financial institutions within the State of Ohio as designated by the Federal Reserve Board. The Academy has invested 55.37% in investments with no weighted maturity through STAR Ohio. All other investments can be sold on the secondary market if immediate cash flow is needed.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Academy can access \$500,000 of net equity protection from the Securities Investor Protection Corporation through Ridge Clearing, which is the custodian of our non-STAR Ohio investments. All of the Academy's investments are held in the name of the Academy.

D. Intergovernmental Receivables and Payables

There were no intergovernmental receivables at June 30, 2008. There was an intergovernmental payable of \$2,448 at June 30, 2008 for excess state foundation payments.

E. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008:

	<u>Balance</u>			<u>Balance</u>
	<u>07/01/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/08</u>
Furniture and Equipment	\$ 86,587	\$ -	\$ (3,413)	\$ 83,174
Less: Accumulated Depreciation	<u>(29,219)</u>	<u>(16,714)</u>	<u>878</u>	<u>(45,055)</u>
Capital Assets, Net	<u>\$ 57,368</u>	<u>\$ (16,714)</u>	<u>\$ (2,535)</u>	<u>\$ 38,119</u>

F. Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Academy is covered under the liability and property policies of the District.

Coverages are as follows:

General Liability:	
Per Occurrence	\$ 1,000,000
Aggregate	4,000,000
Personal and Advertising Injury	1,000,000
Property:	129,762,478

There have been no claims filed against or on behalf of the Academy.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - FINDLAY DIGITAL ACADEMY - (Continued)

G. Fiscal Agent and Payments to Sponsor

The Sponsorship Contract states that the District may direct its treasurer to serve as the Academy's fiscal officer. The treasurer performs the following functions for the Academy:

- A. Assumes responsibility for receipt, safekeeping and disbursement of all Academy funds;
- B. Directs and manages all financial accounting programs and systems;
- C. Completes and files all forms, reports, papers and other requirements as prescribed by the Auditor of State, Department of Education, or other State or local agencies.

In addition, the Sponsorship Contract states that the Academy shall secure the services of an Executive Director who shall be the chief operating officer of the Academy. This position is filled by the Secondary Curriculum Director of the District.

The District contracts out all employees to the Academy including the Executive Director, Treasurer, EMIS Coordinator, Academy Coordinator, and Teachers. Beginning in August 2008, the Executive Director will be contracted through the Hancock County ESC.

During the fiscal year ended June 30, 2008, the Academy incurred \$73,432 in expenses payable to the District for:

Salaries and benefits	\$ 53,497
Fiscal services	10,864
EMIS services	7,950
Other	<u>1,121</u>
Total	<u>\$ 73,432</u>

H. Contingencies

Grants: The Academy received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions as specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2008.

State Funding: The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews ensure the schools are reporting accurate student enrollment data to the State, upon which State Foundation Funding is calculated. For fiscal year 2008, the review was completed in October 2008. As a result of said review, the Academy's State Foundation Funding will be decreased by \$2,448 for fiscal year 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - FINDLAY DIGITAL ACADEMY - (Continued)

State School Funding Decision: On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The Academy is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

House Bill 79: In March 2007, the Ohio General Assembly enacted House Bill 79, which contained confusing language that implied that if a school employee is serving on the Academy's Board of Directors, that school employee's full-time job could be in jeopardy. As a result, the Academy made some changes to its Board of Directors based on advice from legal counsel. The General Assembly has indicated that was not the intent of the legislation and has indicated that corrective legislation would be introduced. As of October 31, 2008, no such corrective legislation has appeared.

I. Purchased Service Expenses

For the fiscal year ended June 30, 2008, purchased service expenses were payments for services rendered by various vendors, as follows:

Tri-Rivers Educational Computer Association (TRECA)	\$ 230,832
Sponsor, Management Fees and Expenses	88,474
Hancock County ESC	11,881
Western Buckeye ESC	6,666
Balestra, Harr & Scherer, CPAs	5,200
Other	<u>3,098</u>
Total	<u>\$ 346,151</u>

J. Related Party Transactions

The Academy's Board of Directors includes three members who are employees of the District and one member who is an employee of the Hancock County Educational Service Center, as contracted out by the District. However, that changed in fiscal year 2007 due to House Bill 79 (see Note 17.H. above). In addition, other employees of the District provide additional services to the Academy. Payments to the following related parties (other than travel reimbursement) were as follows:

Findlay City School District (Sponsor)	\$ 88,474
Jon Thomas (Employee of Sponsor)	<u>25</u>
Total	<u>\$ 88,499</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - FINDLAY DIGITAL ACADEMY - (Continued)

K. Contract With TRECA

The Academy entered into a contract on June 30, 2007, for fiscal year 2008, with TRECA. Under the contract, the following terms were agreed upon:

- TRECA shall provide the Academy with instructional, administrative, staff training, and technical services sufficient to substantially implement the Academy's educational plan and the Academy's assessment and accountability plan.
- All personnel providing services to the Academy on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.
- The technical services provided by TRECA to the Academy shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
- The Academy shall secure the services of an Executive Director, who shall be the chief operating officer of the Academy, with primary responsibility for day-to-day operation of the Academy.
- Curricular services provided by TRECA shall be limited to the basic standardized curriculum developed by TRECA. Basic services do not include special education and related services.
- In exchange for the services and support (including equipment) provided by TRECA, the Academy shall pay to TRECA \$3,750 per full-time student enrolled in the Academy for the 2007-2008 school year. Part-time students may be enrolled on such terms as agreed to by the parties.
- In the case of students enrolled in the Academy who are Disabled or Suspected Disabled, as defined in the Exhibit entitled "TRECA Enhancement Services and Special Education Obligations of the Academy and TRECA", the Academy shall additionally pay to TRECA the fees and costs described in Section II of such exhibit.

For fiscal year 2008, \$230,832 was paid to TRECA. \$9,500 was payable to TRECA at June 30, 2007. \$32,357 was payable to TRECA at June 30, 2008.

To obtain TRECA's audited June 30, 2008 financial statements, please contact Scott Armstrong, Treasurer, at scott@treca.org.

L. Tax Exempt Status

The Academy's legal counsel issued a tax opinion stating the Academy is not required to pay federal income tax or file federal tax returns because it qualifies as an integral part of the Findlay City Schools which is a political subdivision of the State of Ohio. The tax opinion also indicates that as a further protection, they structured the Academy's incorporation documents in such a way that, in the unlikely event the Internal Revenue Service ever reaches a contrary conclusion regarding the Academy's tax status, the Academy should qualify as a tax-exempt organization under either Section 501(c)(3) or 501(c)(4) of the Internal Revenue code, retroactive to the date of incorporation. Thus, the Academy should avoid liability for any taxes or penalties imposed by the Internal Revenue Code.

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents.	\$ 1,623,433	\$ -	\$ 1,770,967	\$ 699,841	\$ 4,094,241
Receivables:					
Property taxes	-	108,062	1,940,156	-	2,048,218
Accounts	14,103	-	-	-	14,103
Intergovernmental	227,628	-	-	-	227,628
Accrued interest	72	-	-	-	72
Materials and supplies inventory	15,922	-	-	-	15,922
Total assets.	\$ 1,881,158	\$ 108,062	\$ 3,711,123	\$ 699,841	\$ 6,400,184
Liabilities:					
Accounts payable.	\$ 75,932	\$ -	\$ 171,855	\$ -	\$ 247,787
Accrued wages and benefits	282,845	-	-	-	282,845
Pension obligation payable.	84,321	-	-	-	84,321
Intergovernmental payable	35,390	-	-	-	35,390
Interfund loans payable.	431,551	-	-	-	431,551
Deferred revenue	39,489	-	131,904	-	171,393
Unearned revenue	-	108,062	2,107,252	-	2,215,314
Total liabilities	949,528	108,062	2,411,011	-	3,468,601
Fund balances:					
Reserved for encumbrances.	253,583	-	1,050,378	21,000	1,324,961
Reserved for materials and supplies inventory	15,922	-	-	-	15,922
Reserved for property tax unavailable for appropriation	-	-	101,000	-	101,000
Reserved for scholarships.	-	-	-	618,000	618,000
Unreserved, undesignated, reported in:					
Special revenue funds	662,125	-	-	-	662,125
Capital projects funds	-	-	148,734	-	148,734
Permanent fund	-	-	-	60,841	60,841
Total fund balances	931,630	-	1,300,112	699,841	2,931,583
Total liabilities and fund balances	\$ 1,881,158	\$ 108,062	\$ 3,711,123	\$ 699,841	\$ 6,400,184

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
From local sources:					
Taxes	\$ -	\$ 108,061	\$ 1,967,513	\$ -	\$ 2,075,574
Tuition	158,085	-	-	-	158,085
Earnings on investments	38,643	-	65,668	24,544	128,855
Charges for services	851,519	-	-	-	851,519
Extracurricular	475,029	-	-	-	475,029
Classroom materials and fees	347,313	-	-	-	347,313
Other local revenues	633,245	-	81,514	-	714,759
Intergovernmental - State	732,819	-	207,268	-	940,087
Intergovernmental - Federal	3,988,427	-	-	-	3,988,427
Total revenues	<u>7,225,080</u>	<u>108,061</u>	<u>2,321,963</u>	<u>24,544</u>	<u>9,679,648</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,181,301	-	415,160	5,500	1,601,961
Special	1,418,178	-	-	-	1,418,178
Vocational	132,050	-	-	-	132,050
Other	7,586	-	-	-	7,586
Support services:					
Pupil	314,503	-	78,693	-	393,196
Instructional staff	951,140	-	-	-	951,140
Administration	47,020	-	-	-	47,020
Fiscal	1,394	-	-	-	1,394
Operations and maintenance	627,831	-	737	-	628,568
Pupil transportation	21,485	-	-	-	21,485
Central	89,998	-	-	-	89,998
Operation of non-instructional services	437,777	-	-	-	437,777
Extracurricular activities	529,387	-	18,860	-	548,247
Facilities acquisition and construction	-	-	1,317,620	-	1,317,620
Food service operations	1,839,020	-	-	-	1,839,020
Debt service:					
Principal retirement	-	108,061	-	-	108,061
Total expenditures	<u>7,598,670</u>	<u>108,061</u>	<u>1,831,070</u>	<u>5,500</u>	<u>9,543,301</u>
Excess of revenues over (under) expenditures	<u>(373,590)</u>	<u>-</u>	<u>490,893</u>	<u>19,044</u>	<u>136,347</u>
Other financing sources:					
Transfers in	75,000	-	590,000	-	665,000
Total other financing sources	<u>75,000</u>	<u>-</u>	<u>590,000</u>	<u>-</u>	<u>665,000</u>
Net change in fund balances	<u>(298,590)</u>	<u>-</u>	<u>1,080,893</u>	<u>19,044</u>	<u>801,347</u>
Fund balances (deficit)					
at beginning of year	1,237,331	-	219,219	680,797	2,137,347
Decrease in reserve for inventory	(7,111)	-	-	-	(7,111)
Fund balances (deficit) at end of year	<u>\$ 931,630</u>	<u>\$ -</u>	<u>\$ 1,300,112</u>	<u>\$ 699,841</u>	<u>\$ 2,931,583</u>

**FINDLAY CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds

Special revenue funds are used to account for revenues from specific sources which are restricted, legally or otherwise, to expenditures for specific purposes. A description of the District's special revenue funds follows:

Food Service Fund Section 3313.81, Revised Code

A fund used to account for financial transactions related to food service operations.

Special Trust Fund Section 5705.09, Revised Code

A fund used to account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

Uniform School Supplies Fund Section 3313.81, Revised Code

A fund used to account for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

Special Services Rotary Fund Section 5705.12, Revised Code

A fund used to account for income and expenses made in connection with goods and services provided by the District. Activities using this fund tend to be curricular in nature.

Special Enterprise Fund Section 755.14, Revised Code

A fund used to account for the financial transactions related to before and after school childcare operations.

Public School Support Fund Section 5705.12, Revised Code

A fund used to account for specific local revenue sources (i.e.: profits from vending machines, etc.), other than taxes or expendable trusts, that are restricted to expenditures for specified purposes approved by Board resolution. Such expenditures may include curricular and extra-curricular related purposes.

Other Grants Fund Sections 5705.09 and 5705.13, Revised Code

A fund used to account for the proceeds of specific revenue sources (except for state and federal grants) that are legally restricted to expenditures for specified purposes.

District Managed Activity Fund Section 3313.062, Revised Code

A fund used to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund usually includes athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

Auxiliary Services Fund Current Budget Bill. appropriation line item 200-511

A fund used to account for receipts and expenditures incurred in providing services and materials to pupils attending non-public schools within the District.

Teacher Development Fund Current Budget Bill, appropriation line item 200-527

A fund used to account for receipts and expenditures necessary for providing assistance to local school districts for the development of in-service programs for professional staff.

**FINDLAY CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds

Management Information System Fund

Am. Sub. HB 111

A fund used to account for monies associated with the state-wide requirements of the Education Management Information System (EMIS).

Entry Year Programs Fund

Section 3313.024, Revised Code

A fund used to assist in the implementation of entry-year programs pursuant to division (T) of section 3313.024 of the Ohio Revised Code.

Data Communication Fund

Section 5705.09, Revised Code

A fund used to account for monies appropriated for the costs incurred in connecting schools to the Ohio Educational Computer Network.

SchoolNet Professional Development Fund

Section 5705.09, Revised Code

A fund used to accounts for a limited number of professional development subsidy grants.

Ohio Reads Fund

State Line Item Appropriation GRF 200-455 and 200-566

A fund used: 1) to improve reading outcomes, especially on the fourth grade reading proficiency test, and; 2) for volunteer coordinators in public schools, for educational service centers for costs associated with volunteer coordination, for background checks of volunteers, to evaluate the Ohio Reads program, and for operating expenses associated with administering the program.

Vocational Education Enhancements Fund

State Line Item Appropriation GRF 200-545

A fund used to account for Vocational Education Enhancements that: 1) expand the number of students enrolled in tech prep programs; 2) enable students to develop career plans, to identify initial educational and career goals, and develop a career passport which provides a clear understanding of the student's knowledge, skills and credentials to present to future employers, universities, and other training institutes, and; 3) replace or update equipment essential for the instruction of students in job skills taught as part of a vocational program or programs approved for such instruction by the State Board of Education.

Poverty Aid Fund

Current Budget Bill, O.R.C. 3317.029

A fund used to account for monies appropriated for poverty based assistance as part of the state foundation system. Programs include academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prevention and community outreach.

Miscellaneous State Grants Fund

Section 5705.12, Revised Code

A fund used to account for various monies received from State agencies not classified elsewhere.

IDEA Part B Grants Fund

Education of the Handicapped Act, PL 91-230

A fund used to account for Federal monies which assist states in the identification of handicapped children, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

**FINDLAY CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds

Vocational Education Fund

Carl D. Perkins Vocational Education Act of 1984, PL 98-524

A fund used to account for the provision of funds to boards of education, teacher training institutions, and the state administering agency for cooperating in development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational schools, ancillary services, research, advisory committees, and work-study projects, including sex equity grants. Funds are administered by the Ohio Department of Education, Division of Vocational and Career Education.

Limited English Proficiency Fund

Catalog of Federal Domestic Assistance #84.365

A fund to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I Disadvantaged Children Fund

PL 97-35; Title I EESA 1965

A fund used to account for monies which are to: 1) establish or improve programs designed to meet the special educational needs of children of migratory agricultural workers or migratory fisherman, and; 2) enable state education agencies to coordinate their state and local migrant education programs and projects with similar programs and projects in other states, including the transfer of school records and other information about children of migrant workers.

Title V Innovative Education Program Fund

PL 97-35; EESA 1965

A fund used to account for Federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and in-service and staff development.

Drug Free School Grant Fund

Catalog of Federal Domestic Assistance #84-166

A fund used to account for funds to local educational agencies and consortia of these agencies to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, training, technical assistance, and coordination activities.

IDEA Preschool-Handicapped Fund

Education of the Handicapped Act Amendments,
PL 99-457. Catalog of Federal Domestic Assistance #84-173

A fund used to account for the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

Telecommunications Act Grant Fund

Catalog of Federal Domestic Assistance #88-001

A fund used to account for a federal grant which is paid directly to the telecommunication service provider.

Improving Teacher Quality Fund

Catalog of Domestic Assistance #84-340

A fund used to account for monies to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants Fund

Section 5705.12, Revised Code

A fund used to account for various monies received from the federal government directly or through state agencies which are not classified elsewhere.

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Food Service	Special Trust	Uniform School Supplies	Special Services Rotary
Assets:				
Equity in pooled cash and cash equivalents.	\$ 148,463	\$ 232,736	\$ 186,365	\$ 39,170
Receivables:				
Accounts.	1,328	145	567	-
Intergovernmental	109,419	-	-	-
Accrued Interest	-	-	-	-
Materials and supplies inventory	15,922	-	-	-
Total assets.	<u>\$ 275,132</u>	<u>\$ 232,881</u>	<u>\$ 186,932</u>	<u>\$ 39,170</u>
Liabilities:				
Accounts payable.	\$ 6,888	\$ 5,063	\$ 19,798	\$ 532
Accrued wages and benefits	12,216	-	-	-
Pension obligation payable.	15,123	-	-	-
Intergovernmental payable	7,316	512	-	-
Interfund loans payable.	-	324,845	-	-
Deferred revenue	-	-	-	-
Total liabilities.	41,543	330,420	19,798	532
Fund balances:				
Reserved for encumbrances	97,488	18,870	17,941	5,400
Reserved for materials and supplies inventory	15,922	-	-	-
Unreserved-undesignated (deficit)	120,179	(116,409)	149,193	33,238
Total fund balances (deficit).	233,589	(97,539)	167,134	38,638
Total liabilities and fund balances.	<u>\$ 275,132</u>	<u>\$ 232,881</u>	<u>\$ 186,932</u>	<u>\$ 39,170</u>

Public School Support	Other Grants	Special Enterprise	District Managed Activity	Auxiliary Services	Management Information System	Entry Year Programs
\$ 86,146	\$ 51,483	\$ 5,307	\$ 361,358	\$ 69,058	\$ 40,042	\$ 1,465
862	-	9,530	1,329	-	-	-
-	-	-	-	-	-	-
-	-	-	72	-	-	-
-	-	-	-	-	-	-
<u>\$ 87,008</u>	<u>\$ 51,483</u>	<u>\$ 14,837</u>	<u>\$ 362,759</u>	<u>\$ 69,058</u>	<u>\$ 40,042</u>	<u>\$ 1,465</u>
\$ 713	\$ 4,341	\$ -	\$ 5,346	\$ 15,283	\$ -	\$ -
-	-	11,477	-	25,133	3,930	-
-	932	13,868	-	4,728	4,170	-
42	157	1,352	89	1,969	569	306
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>755</u>	<u>5,430</u>	<u>26,697</u>	<u>5,435</u>	<u>47,113</u>	<u>8,669</u>	<u>306</u>
3,488	2,757	535	30,103	13,451	574	-
-	-	-	-	-	-	-
<u>82,765</u>	<u>43,296</u>	<u>(12,395)</u>	<u>327,221</u>	<u>8,494</u>	<u>30,799</u>	<u>1,159</u>
<u>86,253</u>	<u>46,053</u>	<u>(11,860)</u>	<u>357,324</u>	<u>21,945</u>	<u>31,373</u>	<u>1,159</u>
<u>\$ 87,008</u>	<u>\$ 51,483</u>	<u>\$ 14,837</u>	<u>\$ 362,759</u>	<u>\$ 69,058</u>	<u>\$ 40,042</u>	<u>\$ 1,465</u>

(continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	SchoolNet Professional Development	Vocational Education Enhancements	Poverty Aid	Miscellaneous State Grants
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,323	\$ 4	\$ -	\$ 66,754
Receivables:				
Accounts.	-	-	-	342
Intergovernmental	-	-	-	58,424
Accrued Interest	-	-	-	-
Materials and supplies inventory	-	-	-	-
	-	-	-	-
Total assets.	\$ 2,323	\$ 4	\$ -	\$ 125,520
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ -	\$ 4,189
Accrued wages and benefits	-	-	17,196	-
Pension obligation payable.	-	-	2,088	2,223
Intergovernmental payable	-	-	460	770
Interfund loans payable.	-	-	-	83,852
Deferred revenue	-	-	-	3,313
	-	-	19,744	94,347
Total liabilities.	-	-	19,744	94,347
Fund balances:				
Reserved for encumbrances	75	-	-	23,082
Reserved for materials and supplies inventory	-	-	-	-
Unreserved-undesignated (deficit)	2,248	4	(19,744)	8,091
	2,323	4	(19,744)	31,173
Total fund balances (deficit).	2,323	4	(19,744)	31,173
Total liabilities and fund balances.	\$ 2,323	\$ 4	\$ -	\$ 125,520

IDEA Part B Grants	Vocational Education	Title I Disadvantaged Children	Title V Innovative Education Program	Drug Free School Grant	IDEA Preschool- Handicapped
\$ 253,873	\$ 35,074	\$ 17,222	\$ 1,033	\$ -	\$ 1,336
-	-	-	-	-	-
-	41,823	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 253,873</u>	<u>\$ 76,897</u>	<u>\$ 17,222</u>	<u>\$ 1,033</u>	<u>\$ -</u>	<u>\$ 1,336</u>
\$ 8,170	\$ -	\$ 1,124	\$ -	\$ -	\$ -
63,619	-	111,729	-	4,887	-
19,304	1,434	14,164	-	2,177	-
10,110	1,192	7,737	-	271	355
-	22,854	-	-	-	-
-	36,176	-	-	-	-
<u>101,203</u>	<u>61,656</u>	<u>134,754</u>	<u>-</u>	<u>7,335</u>	<u>355</u>
4,097	34,099	1,568	-	-	55
-	-	-	-	-	-
<u>148,573</u>	<u>(18,858)</u>	<u>(119,100)</u>	<u>1,033</u>	<u>(7,335)</u>	<u>926</u>
<u>152,670</u>	<u>15,241</u>	<u>(117,532)</u>	<u>1,033</u>	<u>(7,335)</u>	<u>981</u>
<u>\$ 253,873</u>	<u>\$ 76,897</u>	<u>\$ 17,222</u>	<u>\$ 1,033</u>	<u>\$ -</u>	<u>\$ 1,336</u>

(continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 19,736	\$ 4,485	\$ 1,623,433
Receivables:			
Accounts.	-	-	14,103
Intergovernmental	17,962	-	227,628
Accrued Interest	-	-	72
Materials and supplies inventory	-	-	15,922
	-	-	15,922
Total assets.	\$ 37,698	\$ 4,485	\$ 1,881,158
Liabilities:			
Accounts payable.	\$ -	\$ 4,485	\$ 75,932
Accrued wages and benefits	32,658	-	282,845
Pension obligation payable.	4,110	-	84,321
Intergovernmental payable	2,183	-	35,390
Interfund loans payable.	-	-	431,551
Deferred revenue	-	-	39,489
	-	-	39,489
Total liabilities.	38,951	4,485	949,528
Fund balances:			
Reserved for encumbrances	-	-	253,583
Reserved for materials and supplies inventory	-	-	15,922
Unreserved-undesignated (deficit)	(1,253)	-	662,125
	(1,253)	-	662,125
Total fund balances (deficit).	(1,253)	-	931,630
Total liabilities and fund balances.	\$ 37,698	\$ 4,485	\$ 1,881,158

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Food Service</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Special Services Rotary</u>
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ -	\$ -
Earnings on investments	9,976	2,677	-	1,674
Charges for services	851,519	-	-	-
Extracurricular	-	1,194	-	-
Classroom materials and fees	-	27,452	317,101	-
Other local revenues	-	382,421	46	57,670
Intergovernmental - State	32,402	-	-	-
Intergovernmental - Federal	860,830	-	-	-
Total revenues	<u>1,754,727</u>	<u>413,744</u>	<u>317,147</u>	<u>59,344</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	33,941	328,295	51,296
Special	-	590	40	-
Vocational	-	156	28	532
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	37	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	627,831	-	-
Pupil transportation	-	202	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	-
Extracurricular activities	-	850	-	-
Food service operations	1,839,020	-	-	-
Total expenditures	<u>1,839,020</u>	<u>663,607</u>	<u>328,363</u>	<u>51,828</u>
Excess of revenues over (under) expenditures	<u>(84,293)</u>	<u>(249,863)</u>	<u>(11,216)</u>	<u>7,516</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(84,293)	(249,863)	(11,216)	7,516
Fund balances (deficit) at beginning of year	324,993	152,324	178,350	31,122
Decrease in reserve for inventory	(7,111)	-	-	-
Fund balances (deficit) at end of year	<u>\$ 233,589</u>	<u>\$ (97,539)</u>	<u>\$ 167,134</u>	<u>\$ 38,638</u>

Public School Support	Other Grants	Special Enterprise	District Managed Activity	Auxiliary Services	Teacher Development	Management Information System
\$ -	\$ -	\$ 158,085	\$ -	\$ -	\$ -	\$ -
4,083	-	55	17,944	2,234	-	-
-	-	-	-	-	-	-
28,622	-	-	445,213	-	-	-
2,760	-	-	-	-	-	-
54,847	114,884	-	9,285	-	-	-
-	150	-	-	359,817	-	21,989
-	-	-	-	-	-	-
<u>90,312</u>	<u>115,034</u>	<u>158,140</u>	<u>472,442</u>	<u>362,051</u>	<u>-</u>	<u>21,989</u>
49,992	78,497	149,261	-	-	-	-
-	5,871	-	-	-	-	-
-	17,326	-	-	-	-	-
-	7,586	-	-	-	-	-
-	-	-	-	-	-	-
398	5,557	-	-	-	-	-
29,075	-	-	-	-	-	-
-	-	-	-	-	1,394	-
-	-	-	-	-	-	-
2,704	330	-	570	-	-	-
-	-	-	-	-	-	89,998
-	-	6,140	-	325,590	-	-
6,208	32,175	-	490,154	-	-	-
-	-	-	-	-	-	-
<u>88,377</u>	<u>147,342</u>	<u>155,401</u>	<u>490,724</u>	<u>325,590</u>	<u>1,394</u>	<u>89,998</u>
<u>1,935</u>	<u>(32,308)</u>	<u>2,739</u>	<u>(18,282)</u>	<u>36,461</u>	<u>(1,394)</u>	<u>(68,009)</u>
-	-	-	-	-	-	75,000
-	-	-	-	-	-	75,000
1,935	(32,308)	2,739	(18,282)	36,461	(1,394)	6,991
84,318	78,361	(14,599)	375,606	(14,516)	1,394	24,382
-	-	-	-	-	-	-
<u>\$ 86,253</u>	<u>\$ 46,053</u>	<u>\$ (11,860)</u>	<u>\$ 357,324</u>	<u>\$ 21,945</u>	<u>\$ -</u>	<u>\$ 31,373</u>

(continued)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Entry Year Programs</u>	<u>Data Communication</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Charges for services	-	-	-	-
Extracurricular	-	-	-	-
Classroom materials and fees	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - State	23,200	45,000	2,970	-
Intergovernmental - Federal	-	-	-	-
Total revenues	<u>23,200</u>	<u>45,000</u>	<u>2,970</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	24,361	45,000	798	2,130
Special	-	-	-	-
Vocational	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Food service operations	-	-	-	-
Total expenditures	<u>24,361</u>	<u>45,000</u>	<u>798</u>	<u>2,130</u>
Excess of revenues over (under) expenditures	<u>(1,161)</u>	<u>-</u>	<u>2,172</u>	<u>(2,130)</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,161)	-	2,172	(2,130)
Fund balances (deficit) at beginning of year	2,320	-	151	2,130
Decrease in reserve for inventory	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 1,159</u>	<u>\$ -</u>	<u>\$ 2,323</u>	<u>\$ -</u>

Vocational Education Enhancements	Poverty Aid	Miscellaneous State Grants	IDEA Part B Grants	Vocational Education	Limited English Proficiency	Title I Disadvantaged Children
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	14,092	-	-	-	-
-	39,438	207,853	-	-	-	-
-	-	-	1,561,710	250,009	26,112	952,509
-	39,438	221,945	1,561,710	250,009	26,112	952,509
-	54,302	32,857	4,102	46,539	25,939	1,050
-	-	22,292	506,247	-	-	883,138
-	-	14,185	-	99,823	-	-
-	-	-	-	-	-	-
-	-	1,123	165,688	108,883	-	-
-	-	102,827	829,882	-	-	12,372
-	-	-	-	10,540	-	7,368
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	17,679	-	-	-	-
-	-	-	-	-	-	-
-	-	-	63,658	-	-	40,230
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	54,302	190,963	1,569,577	265,785	25,939	944,158
-	(14,864)	30,982	(7,867)	(15,776)	173	8,351
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(14,864)	30,982	(7,867)	(15,776)	173	8,351
4	(4,880)	191	160,537	31,017	(173)	(125,883)
-	-	-	-	-	-	-
\$ 4	\$ (19,744)	\$ 31,173	\$ 152,670	\$ 15,241	\$ -	\$ (117,532)

(continued)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Title V Innovative Education Program	Drug Free School Grant	IDEA Preschool- Handicapped	Improving Teacher Quality
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Charges for services	-	-	-	-
Extracurricular	-	-	-	-
Classroom materials and fees	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - State	-	-	-	-
Intergovernmental - Federal	11,261	23,457	26,947	271,037
Total revenues	11,261	23,457	26,947	271,037
Expenditures:				
Current:				
Instruction:				
Regular	9,589	-	9,086	229,204
Special	-	-	-	-
Vocational	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	21,613	17,196	-
Instructional staff	-	-	104	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	727	1,432	-	-
Extracurricular activities	-	-	-	-
Food service operations	-	-	-	-
Total expenditures	10,316	23,045	26,386	229,204
Excess of revenues over (under) expenditures	945	412	561	41,833
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	945	412	561	41,833
Fund balances (deficit)				
at beginning of year	88	(7,747)	420	(43,086)
Decrease in reserve for inventory	-	-	-	-
Fund balances (deficit) at end of year	\$ 1,033	\$ (7,335)	\$ 981	\$ (1,253)

Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ 158,085
-	38,643
-	851,519
-	475,029
-	347,313
-	633,245
-	732,819
4,555	3,988,427
4,555	7,225,080
5,062	1,181,301
-	1,418,178
-	132,050
-	7,586
-	314,503
-	951,140
-	47,020
-	1,394
-	627,831
-	21,485
-	89,998
-	437,777
-	529,387
-	1,839,020
5,062	7,598,670
(507)	(373,590)
-	75,000
-	75,000
(507)	(298,590)
507	1,237,331
-	(7,111)
\$ -	\$ 931,630

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Food Service Fund</u>				
Total Revenues and Other Financing Sources	\$ 2,000,000	\$ 2,000,000	\$ 1,692,986	\$ (307,014)
Total Expenditures and Other Financing Uses	<u>2,126,610</u>	<u>2,126,610</u>	<u>1,863,234</u>	<u>263,376</u>
Net Change in Fund Balance	(126,610)	(126,610)	(170,248)	(43,638)
Fund Balance, July 1	87,749	87,749	87,749	-
Prior Year Encumbrances Appropriated	<u>126,610</u>	<u>126,610</u>	<u>126,610</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 87,749</u>	<u>\$ 87,749</u>	<u>\$ 44,111</u>	<u>\$ (43,638)</u>
<u>Special Trust Fund</u>				
Total Revenues and Other Financing Sources	\$ 780,000	\$ 780,000	\$ 413,832	\$ (366,168)
Total Expenditures and Other Financing Uses	<u>1,684,898</u>	<u>1,684,898</u>	<u>1,175,320</u>	<u>509,578</u>
Net Change in Fund Balance	(904,898)	(904,898)	(761,488)	143,410
Fund Balance, July 1	265,466	265,466	265,466	-
Prior Year Encumbrances Appropriated	<u>704,898</u>	<u>704,898</u>	<u>704,898</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 65,466</u>	<u>\$ 65,466</u>	<u>\$ 208,876</u>	<u>\$ 143,410</u>
<u>Uniform School Supplies Fund</u>				
Total Revenues and Other Financing Sources	\$ 300,000	\$ 300,000	\$ 318,740	\$ 18,740
Total Expenditures and Other Financing Uses	<u>361,634</u>	<u>361,634</u>	<u>349,369</u>	<u>12,265</u>
Net Change in Fund Balance	(61,634)	(61,634)	(30,629)	31,005
Fund Balance, July 1	148,115	148,115	148,115	-
Prior Year Encumbrances Appropriated	<u>31,634</u>	<u>31,634</u>	<u>31,634</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 118,115</u>	<u>\$ 118,115</u>	<u>\$ 149,120</u>	<u>\$ 31,005</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Special Services Rotary Fund</u>				
Total Revenues and Other Financing Sources	\$ 60,000	\$ 60,000	\$ 59,344	\$ (656)
Total Expenditures and Other Financing Uses	63,489	63,489	56,701	6,788
Net Change in Fund Balance	(3,489)	(3,489)	2,643	6,132
Fund Balance, July 1	27,633	27,633	27,633	-
Prior Year Encumbrances Appropriated	3,489	3,489	3,489	-
Fund Balance, June 30	<u>\$ 27,633</u>	<u>\$ 27,633</u>	<u>\$ 33,765</u>	<u>\$ 6,132</u>
<u>Special Enterprise Fund</u>				
Total Revenues and Other Financing Sources	\$ 200,000	\$ 165,000	\$ 150,173	\$ (14,827)
Total Expenditures and Other Financing Uses	180,543	165,543	149,796	15,747
Net Change in Fund Balance	19,457	(543)	377	920
Fund Balance, July 1	3,852	3,852	3,852	-
Prior Year Encumbrances Appropriated	543	543	543	-
Fund Balance, June 30	<u>\$ 23,852</u>	<u>\$ 3,852</u>	<u>\$ 4,772</u>	<u>\$ 920</u>
<u>Public School Support Fund</u>				
Total Revenues and Other Financing Sources	\$ 100,000	\$ 100,000	\$ 90,394	\$ (9,606)
Total Expenditures and Other Financing Uses	100,477	100,477	92,052	8,425
Net Change in Fund Balance	(477)	(477)	(1,658)	(1,181)
Fund Balance, July 1	83,839	83,839	83,839	-
Prior Year Encumbrances Appropriated	477	477	477	-
Fund Balance, June 30	<u>\$ 83,839</u>	<u>\$ 83,839</u>	<u>\$ 82,658</u>	<u>\$ (1,181)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Other Grants Fund</u>				
Total Revenues and Other Financing Sources	\$ 82,000	\$ 110,000	\$ 115,034	\$ 5,034
Total Expenditures and Other Financing Uses	<u>129,841</u>	<u>189,841</u>	<u>152,838</u>	<u>37,003</u>
Net Change in Fund Balance	(47,841)	(79,841)	(37,804)	42,037
Fund Balance, July 1	77,348	77,348	77,348	-
Prior Year Encumbrances Appropriated	<u>4,841</u>	<u>4,841</u>	<u>4,841</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 34,348</u>	<u>\$ 2,348</u>	<u>\$ 44,385</u>	<u>\$ 42,037</u>
<u>District Managed Activity Fund</u>				
Total Revenues and Other Financing Sources	\$ 800,000	\$ 800,000	\$ 472,458	\$ (327,542)
Total Expenditures and Other Financing Uses	<u>882,449</u>	<u>882,449</u>	<u>523,589</u>	<u>358,860</u>
Net Change in Fund Balance	(82,449)	(82,449)	(51,131)	31,318
Fund Balance, July 1	331,672	331,672	331,672	-
Prior Year Encumbrances Appropriated	<u>47,449</u>	<u>47,449</u>	<u>47,449</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 296,672</u>	<u>\$ 296,672</u>	<u>\$ 327,990</u>	<u>\$ 31,318</u>
<u>Auxiliary Services Fund</u>				
Total Revenues and Other Financing Sources	\$ 375,000	\$ 375,000	\$ 362,051	\$ (12,949)
Total Expenditures and Other Financing Uses	<u>428,959</u>	<u>428,959</u>	<u>375,586</u>	<u>53,373</u>
Net Change in Fund Balance	(53,959)	(53,959)	(13,535)	40,424
Fund Balance (deficit), July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>53,959</u>	<u>53,959</u>	<u>53,959</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,424</u>	<u>\$ 40,424</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Teacher Development Fund</u>				
Total Revenues and Other Financing Sources	\$ 5,000	\$ -	\$ -	\$ -
Total Expenditures and Other Financing Uses	<u>1,394</u>	<u>1,394</u>	<u>1,394</u>	<u>-</u>
Net Change in Fund Balance	3,606	(1,394)	(1,394)	-
Fund Balance, July 1	1,394	1,394	1,394	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Management Information System Fund</u>				
Total Revenues and Other Financing Sources	\$ 85,000	\$ 85,000	\$ 96,989	\$ 11,989
Total Expenditures and Other Financing Uses	<u>88,000</u>	<u>90,000</u>	<u>89,550</u>	<u>450</u>
Net Change in Fund Balance	(3,000)	(5,000)	7,439	12,439
Fund Balance, July 1	32,029	32,029	32,029	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 29,029</u>	<u>\$ 27,029</u>	<u>\$ 39,468</u>	<u>\$ 12,439</u>
<u>Entry Year Programs Fund</u>				
Total Revenues and Other Financing Sources	\$ 14,000	\$ 23,200	\$ 23,200	\$ -
Total Expenditures and Other Financing Uses	<u>16,320</u>	<u>25,520</u>	<u>24,055</u>	<u>1,465</u>
Net Change in Fund Balance	(2,320)	(2,320)	(855)	1,465
Fund Balance, July 1	2,320	2,320	2,320	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,465</u>	<u>\$ 1,465</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Data Communication Fund</u>				
Total Revenues and Other Financing Sources	\$ 48,000	\$ 48,000	\$ 45,000	\$ (3,000)
Total Expenditures and Other Financing Uses	<u>48,000</u>	<u>48,000</u>	<u>45,000</u>	<u>3,000</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>SchoolNet Professional Development Fund</u>				
Total Revenues and Other Financing Sources	\$ 10,000	\$ 10,000	\$ 2,970	\$ (7,030)
Total Expenditures and Other Financing Uses	<u>10,151</u>	<u>10,151</u>	<u>873</u>	<u>9,278</u>
Net Change in Fund Balance	(151)	(151)	2,097	2,248
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>151</u>	<u>151</u>	<u>151</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,248</u>	<u>\$ 2,248</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Ohio Reads Fund</u>				
Total Revenues and Other Financing Sources	\$ 158,000	\$ 35,000	\$ 16,960	\$ (18,040)
Total Expenditures and Other Financing Uses	<u>30,802</u>	<u>30,802</u>	<u>19,762</u>	<u>11,040</u>
Net Change in Fund Balance	127,198	4,198	(2,802)	(7,000)
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>2,802</u>	<u>2,802</u>	<u>2,802</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 130,000</u>	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ (7,000)</u>
<u>Vocational Education Enhancements Fund</u>				
Fund Balance, July 1	\$ 4	\$ 4	\$ 4	\$ -
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Poverty Aid Fund</u>				
Total Revenues and Other Financing Sources	\$ 84,359	\$ 40,538	\$ 39,438	\$ (1,100)
Total Expenditures and Other Financing Uses	40,537	40,538	39,438	1,100
Net Change in Fund Balance	43,822	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ 43,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Miscellaneous State Grants Fund</u>				
Total Revenues and Other Financing Sources	\$ 160,000	\$ 265,200	\$ 286,737	\$ 21,537
Total Expenditures and Other Financing Uses	129,324	234,646	218,790	15,856
Net Change in Fund Balance	30,676	30,554	67,947	37,393
Fund Balance, July 1	(32,788)	(32,788)	(32,788)	-
Prior Year Encumbrances Appropriated	4,324	4,324	4,324	-
Fund Balance, June 30	<u>\$ 2,212</u>	<u>\$ 2,090</u>	<u>\$ 39,483</u>	<u>\$ 37,393</u>
<u>IDEA Part B Grants Fund</u>				
Total Revenues and Other Financing Sources	\$ 2,000,000	\$ 2,060,507	\$ 1,907,427	\$ (153,080)
Total Expenditures and Other Financing Uses	2,014,161	2,014,161	1,679,982	334,179
Net Change in Fund Balance	(14,161)	46,346	227,445	181,099
Fund Balance (deficit), July 1	-	-	-	-
Prior Year Encumbrances Appropriated	14,161	14,161	14,161	-
Fund Balance (deficit), June 30	<u>\$ -</u>	<u>\$ 60,507</u>	<u>\$ 241,606</u>	<u>\$ 181,099</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Vocational Education Fund</u>				
Total Revenues and Other Financing Sources	\$ 250,000	\$ 268,245	\$ 267,216	\$ (1,029)
Total Expenditures and Other Financing Uses	<u>245,249</u>	<u>299,721</u>	<u>298,584</u>	<u>1,137</u>
Net Change in Fund Balance	4,751	(31,476)	(31,368)	108
Fund Balance, July 1	12,094	12,094	12,094	-
Prior Year Encumbrances Appropriated	<u>20,249</u>	<u>20,249</u>	<u>20,249</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 37,094</u>	<u>\$ 867</u>	<u>\$ 975</u>	<u>\$ 108</u>
<u>Limited English Proficiency Fund</u>				
Total Revenues and Other Financing Sources	\$ 26,112	\$ 26,112	\$ 26,112	\$ -
Total Expenditures and Other Financing Uses	<u>26,112</u>	<u>26,112</u>	<u>26,112</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Title I Disadvantaged Children Fund</u>				
Total Revenues and Other Financing Sources	\$ 900,000	\$ 939,634	\$ 952,509	\$ 12,875
Total Expenditures and Other Financing Uses	<u>902,926</u>	<u>952,926</u>	<u>952,389</u>	<u>537</u>
Net Change in Fund Balance	(2,926)	(13,292)	120	13,412
Fund Balance, July 1	11,484	11,484	11,484	-
Prior Year Encumbrances Appropriated	<u>2,926</u>	<u>2,926</u>	<u>2,926</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 11,484</u>	<u>\$ 1,118</u>	<u>\$ 14,530</u>	<u>\$ 13,412</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Title V Innovative Education Program Fund</u>				
Total Revenues and Other Financing Sources	\$ 12,000	\$ 12,105	\$ 11,817	\$ (288)
Total Expenditures and Other Financing Uses	<u>10,065</u>	<u>11,801</u>	<u>10,784</u>	<u>1,017</u>
Net Change in Fund Balance	1,935	304	1,033	729
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,935</u>	<u>\$ 304</u>	<u>\$ 1,033</u>	<u>\$ 729</u>
 <u>Drug Free School Grant Fund</u>				
Total Revenues and Other Financing Sources	\$ 28,000	\$ 28,337	\$ 28,337	\$ -
Total Expenditures and Other Financing Uses	<u>28,000</u>	<u>28,337</u>	<u>28,337</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>IDEA Preschool-Handicapped Fund</u>				
Total Revenues and Other Financing Sources	\$ 28,000	\$ 26,510	\$ 26,947	\$ 437
Total Expenditures and Other Financing Uses	<u>25,633</u>	<u>27,070</u>	<u>26,426</u>	<u>644</u>
Net Change in Fund Balance	2,367	(560)	521	1,081
Fund Balance, July 1	760	760	760	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,127</u>	<u>\$ 200</u>	<u>\$ 1,281</u>	<u>\$ 1,081</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Telecommunications Act Grant Fund</u>				
Total Revenues and Other Financing Sources	\$ 60,000	\$ -	\$ -	\$ -
Total Expenditures and Other Financing Uses	<u>5,400</u>	<u>5,400</u>	<u>5,400</u>	<u>-</u>
Net Change in Fund Balance	54,600	(5,400)	(5,400)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>5,400</u>	<u>5,400</u>	<u>5,400</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Improving Teacher Quality Fund</u>				
Total Revenues and Other Financing Sources	\$ 290,000	\$ 268,737	\$ 253,075	\$ (15,662)
Total Expenditures and Other Financing Uses	<u>270,000</u>	<u>270,000</u>	<u>234,617</u>	<u>35,383</u>
Net Change in Fund Balance	20,000	(1,263)	18,458	19,721
Fund Balance, July 1	1,278	1,278	1,278	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 21,278</u>	<u>\$ 15</u>	<u>\$ 19,736</u>	<u>\$ 19,721</u>
<u>Miscellaneous Federal Grants Fund</u>				
Total Revenues and Other Financing Sources	\$ 49,000	\$ 49,000	\$ 4,555	\$ (44,445)
Total Expenditures and Other Financing Uses	<u>45,000</u>	<u>45,000</u>	<u>5,062</u>	<u>39,938</u>
Net Change in Fund Balance	4,000	4,000	(507)	(4,507)
Fund Balance, July 1	507	507	507	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 4,507</u>	<u>\$ 4,507</u>	<u>\$ -</u>	<u>\$ (4,507)</u>

**FINDLAY CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Debt Service Fund

Bond Retirement Fund

Section 5705.09, Revised Code

The bond retirement fund is used to account for the retirement of serial bonds and short term loans. All revenues derived from general or special levies, either within or exceeding the statutory unvoted ten-mill limitation, which is levied for debt service on bonds or loans paid into this fund. Since the District maintains only one debt service fund, no combining statements are presented.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Bond Retirement Fund</u>				
Total Revenues and Other Financing Sources	\$ 108,061	\$ 108,061	\$ 108,061	\$ -
Total Expenditures and Other Financing Uses	<u>108,061</u>	<u>108,061</u>	<u>108,061</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FINDLAY CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Capital Projects Funds

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Since the Permanent Improvement Fund is the only active capital projects fund at June 30, 2008, no combining statements are presented. A description of the District's capital projects fund follows:

Permanent Improvement Fund

Section 5705.10, Revised Code

A fund used to account for all transactions related to the acquisition or construction of such permanent improvements as are authorized by Chapter 5705 of the Revised Code.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Permanent Improvement Fund</u>				
Total Revenues and Other Financing Sources	\$ 2,617,432	\$ 2,620,662	\$ 2,839,296	\$ 218,634
Total Expenditures and Other Financing Uses	<u>3,068,993</u>	<u>3,073,493</u>	<u>2,914,610</u>	<u>158,883</u>
Net Change in Fund Balance	(451,561)	(452,831)	(75,314)	377,517
Fund Balance, July 1	316,735	316,735	316,735	-
Prior Year Encumbrances Appropriated	<u>307,489</u>	<u>307,489</u>	<u>307,489</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 172,663</u>	<u>\$ 171,393</u>	<u>\$ 548,910</u>	<u>\$ 377,517</u>

**FINDLAY CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Permanent Fund

Endowment Fund

Section 5705.09, Revised Code

The endowment fund is used to account for revenues which have been set aside as an investment for public school purposes. Interest revenue may be expended, but the principal must remain intact. The interest revenue is used to support scholarships. Since the District maintains only one permanent fund, no combining statements are presented.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Endowment Fund</u>				
Total Revenues and Other Financing Sources	\$ 20,000	\$ 20,000	\$ 24,544	\$ 4,544
Total Expenditures and Other Financing Uses	<u>30,500</u>	<u>30,500</u>	<u>26,500</u>	<u>4,000</u>
Net Change in Fund Balance	(10,500)	(10,500)	(1,956)	8,544
Fund Balance, July 1	670,297	670,297	670,297	-
Prior Year Encumbrances Appropriated	<u>10,500</u>	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 670,297</u>	<u>\$ 670,297</u>	<u>\$ 678,841</u>	<u>\$ 8,544</u>

**FINDLAY CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Internal Service Fund

Employee Benefits Self Insurance Fund

Section 5705.09, Revised Code

The employee benefits self insurance fund is used to account for monies received from other funds as payment for providing medical, hospitalization, life, dental, vision, and any other similar employee benefits. Since the District maintains only one internal service fund, no combining statements are presented.

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Employee Benefits Self Insurance Fund</u>				
Total Revenues and Other Financing Sources	\$ 7,500,000	\$ 6,655,000	\$ 6,621,214	\$ (33,786)
Total Expenses and Other Financing Uses	<u>7,207,617</u>	<u>7,207,617</u>	<u>6,541,042</u>	<u>666,575</u>
Net Change in Fund Balance	292,383	(552,617)	80,172	632,789
Fund Balance, July 1	1,922,003	1,922,003	1,922,003	-
Prior Year Encumbrances Appropriated	<u>7,617</u>	<u>7,617</u>	<u>7,617</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,222,003</u>	<u>\$ 1,377,003</u>	<u>\$ 2,009,792</u>	<u>\$ 632,789</u>

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**FINDLAY CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

FIDUCIARY FUNDS

FUND DESCRIPTIONS

Private Purpose Trust Fund

Scholarship Fund

Section 5705.09, Revised Code

The scholarship fund is used to account for local revenues donated to support scholarships. Since the District maintains only one private purpose trust fund, no combining statements are presented.

Agency Fund

Student Managed Activity Fund

Section 3313.062, Revised Code

A fund used to account for those student activity programs which have student participation in the activity and have student involvement in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Scholarship Fund</u>				
Total Revenues and Other Financing Sources	\$ 24,000	\$ 24,000	\$ 22,169	\$ (1,831)
Total Expenditures and Other Financing Uses	49,424	49,424	36,184	13,240
Net Change in Fund Balance	(25,424)	(25,424)	(14,015)	11,409
Fund Balance, July 1	46,947	46,947	46,947	-
Prior Year Encumbrances Appropriated	4,424	4,424	4,424	-
Fund Balance, June 30	<u>\$ 25,947</u>	<u>\$ 25,947</u>	<u>\$ 37,356</u>	<u>\$ 11,409</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Beginning Balance July 1, 2007	Additions	Deductions	Ending Balance June 30, 2008
<u>Student Managed Activity Fund</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 128,089	\$ 169,509	\$ (162,926)	\$ 134,672
Receivables Accounts	2,756	1,899	(2,756)	1,899
Total assets	<u>\$ 130,845</u>	<u>\$ 171,408</u>	<u>\$ (165,682)</u>	<u>\$ 136,571</u>
Liabilities:				
Accounts payable	\$ 31	\$ 2,609	\$ (31)	\$ 2,609
Intergovernmental payable	9	14	(9)	14
Due to students	130,805	168,785	(165,642)	133,948
Total liabilities	<u>\$ 130,845</u>	<u>\$ 171,408</u>	<u>\$ (165,682)</u>	<u>\$ 136,571</u>

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STATISTICAL SECTION

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

STATISTICAL SECTION

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial position.

<u>Contents</u>	<u>Page</u>
Financial Trends: These schedules present trend information to demonstrate how the District's financial position and financial performance have changed over time.	S2 - S9
Revenue Capacity: These schedules present information to identify the capacity of the District's most significant local revenue source, property taxes.	S10 - S16
Debt Capacity: These schedules present information to assess the capacity of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	S17 - S19
Demographic and Economic Information: These schedules present information to show demographic and economic indicators of the environment within which the District's financial operations occur.	S20 - S21
Operating Information: These schedules present information about how the District's basic financial statements relate to the programs and services the District provides and the activities it performs.	S22 - S29

Sources: Sources are noted on the individual schedules.

Note: The District implemented GASB Statement No. 34 in 2003. Schedules reporting governmental activities government-wide information present information beginning in that year.

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FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
NET ASSETS BY COMPONENT
ACCURAL BASIS OF ACCOUNTING
LAST SIX FISCAL YEARS

<u>Governmental Activities</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Net Assets:</u>						
Invested in capital assets, net of related debt	\$ 11,666,148	\$ 8,230,530	\$ 8,719,128	\$ 6,520,579	\$ 6,861,477	\$ 7,530,621
Restricted	2,789,266	1,665,886	1,113,020	632,623	861,334	1,151,527
Unrestricted	<u>5,798,930</u>	<u>5,705,257</u>	<u>157,661</u>	<u>(1,640,249)</u>	<u>(4,655,264)</u>	<u>(2,230,920)</u>
Total governmental activities net assets	<u>\$ 20,254,344</u>	<u>\$ 15,601,673</u>	<u>\$ 9,989,809</u>	<u>\$ 5,512,953</u>	<u>\$ 3,067,547</u>	<u>\$ 6,451,228</u>

Source: Findlay CSD, Treasurer's Office.

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FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
 CHANGES IN NET ASSETS
 ACCRUAL BASIS OF ACCOUNTING
 LAST SIX FISCAL YEARS

Governmental Activities	2008	2007	2006	2005	2004	2003
Expenses:						
Instruction:						
Regular	\$ 26,196,394	\$ 23,915,567	\$ 23,318,390	\$ 22,864,137	\$ 23,486,849	\$ 22,375,563
Special	7,342,020	6,799,260	6,535,625	6,587,965	6,885,330	5,956,893
Vocational	2,974,529	2,970,104	2,909,064	2,791,238	2,907,647	2,811,767
Adult	-	-	140,878	151,540	22,997	-
Other	2,245,606	1,921,675	1,596,879	1,316,933	966,070	866,858
Support services:						
Pupil	2,830,187	2,658,799	2,846,622	2,676,900	2,614,587	2,329,275
Instructional staff	3,953,929	4,240,839	4,029,073	4,106,395	4,316,723	3,820,351
Board of education	172,550	118,748	99,555	137,083	141,345	183,090
Administration	3,867,750	3,822,352	3,876,566	3,507,561	3,699,470	3,345,715
Fiscal	1,493,860	1,468,975	1,403,653	1,400,700	1,366,159	1,286,047
Operations and maintenance	5,410,595	5,605,278	4,947,744	5,832,388	5,754,853	5,450,274
Pupil transportation	2,151,281	2,279,652	2,099,169	1,977,385	2,062,403	1,929,180
Central	170,094	149,859	147,817	119,375	143,826	230,120
Operation of non-instructional services:						
Food service operations	1,884,913	1,720,198	1,685,654	1,759,738	1,707,969	1,711,038
Other non-instructional services	487,370	636,243	637,088	611,998	685,389	724,093
Extracurricular activities	1,357,637	1,288,164	624,195	1,334,990	1,353,732	1,409,969
Interest and fiscal charges	121,236	142,348	165,665	140,487	160,153	174,786
Total governmental activities expenses	<u>\$ 62,659,951</u>	<u>\$ 59,738,061</u>	<u>\$ 57,063,637</u>	<u>\$ 57,316,813</u>	<u>\$ 58,275,502</u>	<u>\$ 54,605,019</u>

(continued)

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
 CHANGES IN NET ASSETS
 ACCRUAL BASIS OF ACCOUNTING
 LAST SIX FISCAL YEARS

Governmental Activities	2008	2007	2006	2005	2004	2003
Program Revenues:						
Charges for services:						
Instruction:						
Regular	\$ 2,452,073	\$ 1,656,483	\$ 1,512,624	\$ 2,374,274	\$ 1,977,485	\$ 1,876,229
Special	397,500	427,012	299,111	-	274,954	-
Vocational	603,375	758,526	140,361	262,919	363,625	318,196
Other	70,000	70,000	86,361	-	-	47,649
Support services:						
Pupil	-	-	126,193	-	-	-
Instructional staff	141	-	158,216	-	-	2,114
Board of education	-	-	5,110	-	-	-
Administration	10,327	1,555	193,363	-	-	-
Fiscal	-	39	71,657	-	-	-
Operations and maintenance	79,575	71,215	264,997	4,382	15,978	11,042
Pupil transportation	969	6	130,801	-	7,834	168
Central	-	386	6,874	-	-	-
Operation of non-instructional services:						
Food service operations	851,519	916,764	986,582	959,673	873,692	1,003,356
Other non-instructional services	48,618	149,192	159,541	563,926	361,729	417,741
Extracurricular activities	447,455	559,006	460,840	582,406	717,304	636,902
Operating grants and contributions:						
Instruction:						
Regular	604,819	1,876,450	584,900	692,205	494,408	695,115
Special	2,932,001	2,667,431	862,771	907,967	953,117	751,677
Vocational	392,516	438,074	136,363	87,544	100,482	98,361
Other	8	35,954	17	31,655	-	317,813
Support services:						
Pupil	308,060	343,123	385,658	180,353	176,260	128,264
Instructional staff	950,239	1,177,811	966,238	1,509,883	1,037,155	898,482
Administration	17,347	21,245	18,281	11,070	11,790	54,724
Fiscal	-	-	1,662	-	-	-
Operations and maintenance	385,098	451,959	43,889	64,827	71,070	455,184
Pupil transportation	84,846	91,738	-	-	-	-
Central	21,989	27,108	33,535	20,249	30,131	110,245
Operation of non-instructional services:						
Food service operations	903,208	896,264	814,692	882,758	931,470	580,924
Other non-instructional services	468,226	454,785	457,241	331,054	340,985	296,409
Extracurricular activities	17,976	16,055	-	-	-	-
Capital grants and contributions:						
Instruction:						
Regular	233,259	74,601	-	49,875	-	88,072
Support services:						
Pupil	31,767	-	-	-	-	-
Operations and maintenance	297	-	-	-	-	66,667
Pupil transportation	20,071	16,375	-	-	-	-
Extracurricular activities	7,613	-	-	-	-	-
Total governmental activities program revenues	<u>\$ 12,340,892</u>	<u>\$ 13,199,157</u>	<u>\$ 8,907,878</u>	<u>\$ 9,517,020</u>	<u>\$ 8,739,469</u>	<u>\$ 8,855,334</u>
Net Revenue/(Expense)	<u>\$ (50,319,059)</u>	<u>\$ (46,538,904)</u>	<u>\$ (48,155,759)</u>	<u>\$ (47,799,793)</u>	<u>\$ (49,536,033)</u>	<u>\$ (45,749,685)</u>

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
 CHANGES IN NET ASSETS
 ACCRUAL BASIS OF ACCOUNTING
 LAST SIX FISCAL YEARS

Governmental Activities	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:						
Property taxes levied for:						
General purposes	\$ 27,357,581	\$ 28,441,147	\$ 29,122,910	\$ 28,074,070	\$ 25,610,581	\$ 25,808,314
Debt service	108,061	106,330	108,061	108,061	108,062	108,061
Capital projects	1,995,210	1,106,943	-	-	-	-
Grants and entitlements						
not restricted to specific programs	24,497,427	20,714,263	21,941,335	21,047,772	20,151,186	19,021,043
Investment earnings	509,130	1,069,510	489,690	208,720	174,636	275,635
Miscellaneous	504,321	712,575	970,619	806,576	601,258	389,506
Total governmental activities general revenues	<u>\$ 54,971,730</u>	<u>\$ 52,150,768</u>	<u>\$ 52,632,615</u>	<u>\$ 50,245,199</u>	<u>\$ 46,645,723</u>	<u>\$ 45,602,559</u>
Change in Net Assets	<u>\$ 4,652,671</u>	<u>\$ 5,611,864</u>	<u>\$ 4,476,856</u>	<u>\$ 2,445,406</u>	<u>\$ (2,890,310)</u>	<u>\$ (147,126)</u>

Source: Findlay CSD, Treasurer's Office.

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

FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

LAST TEN FISCAL YEARS

<u>Governmental Funds</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:				
Fund Balance:				
Reserved	\$ 2,971,277	\$ 2,975,065	\$ 3,013,053	\$ 3,551,749
Unreserved	2,815,693	2,110,152	(1,710,892)	(4,031,490)
Total general fund	<u>\$ 5,786,970</u>	<u>\$ 5,085,217</u>	<u>\$ 1,302,161</u>	<u>\$ (479,741)</u>
Other Governmental Funds:				
Fund Balance:				
Reserved	\$ 2,059,883	\$ 1,789,430	\$ 1,236,298	\$ 1,562,345
Unreserved, reported in:				
Special revenue funds	662,125	438,552	656,201	167,442
Capital projects funds	148,734	(144,932)	(361,931)	(1,428,827)
Permanent fund	60,841	54,297	30,273	631,738
Total other governmental funds	<u>\$ 2,931,583</u>	<u>\$ 2,137,347</u>	<u>\$ 1,560,841</u>	<u>\$ 932,698</u>
Total governmental funds	<u>\$ 8,718,553</u>	<u>\$ 7,222,564</u>	<u>\$ 2,863,002</u>	<u>\$ 452,957</u>

Source: Findlay CSD, Treasurer's Office.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 2,816,147 (3,338,528)	\$ 2,035,148 (638,731)	\$ 2,541,786 (68,669)	\$ 2,087,859 (931,370)	\$ 2,394,613 (251,226)	\$ 2,384,896 2,315,282
<u>\$ (522,381)</u>	<u>\$ 1,396,417</u>	<u>\$ 2,473,117</u>	<u>\$ 1,156,489</u>	<u>\$ 2,143,387</u>	<u>\$ 4,700,178</u>
\$ 623,866	\$ 757,149	\$ 138,302	\$ 237,809	\$ 1,361,939	\$ 1,535,395
232,401 (654,172) 178,194	(34,745) (707,584) 175,610	476,846 (775,795) -	489,229 (782,635) -	368,617 (824,472) -	128 (1,335,539) -
<u>\$ 380,289</u>	<u>\$ 190,430</u>	<u>\$ (160,647)</u>	<u>\$ (55,597)</u>	<u>\$ 906,084</u>	<u>\$ 199,984</u>
<u>\$ (142,092)</u>	<u>\$ 1,586,847</u>	<u>\$ 2,312,470</u>	<u>\$ 1,100,892</u>	<u>\$ 3,049,471</u>	<u>\$ 4,900,162</u>

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING
 LAST TEN FISCAL YEARS

Governmental Funds	2008	2007	2006	2005
Revenues:				
From local sources:				
Taxes	\$ 29,267,804	\$ 29,598,094	\$ 29,144,263	\$ 27,278,445
Tuition	2,561,600	2,656,155	2,773,147	2,528,218
Earnings on investments	664,436	835,528	419,503	189,744
Charges for services	851,519	916,764	986,582	961,169
Extracurricular	475,029	573,569	487,563	579,910
Classroom materials and fees	358,127	365,305	355,339	326,309
Rental income	-	-	-	-
Donations	-	-	-	293,109
Other local revenues	1,062,082	1,178,209	970,619	864,178
Other revenue	-	-	-	-
Intergovernmental - Intermediate	-	-	115,870	1,263
Intergovernmental - State	26,078,163	24,510,586	22,519,432	21,761,800
Intergovernmental - Federal	5,561,700	4,311,602	3,719,171	4,086,262
Total revenues	<u>66,880,460</u>	<u>64,945,812</u>	<u>61,491,489</u>	<u>58,870,407</u>
Expenditures:				
Current:				
Instruction:				
Regular	26,634,467	23,456,663	23,841,116	22,851,215
Special	7,120,328	6,712,383	6,633,764	6,562,357
Vocational	2,835,411	2,864,128	2,870,132	2,774,174
Adult	-	-	140,288	151,806
Other	2,222,197	1,921,652	1,590,336	1,319,245
Support services:				
Pupil	2,774,078	2,649,120	2,821,732	2,660,619
Instructional staff	3,752,110	4,181,270	4,008,697	4,166,714
Board of education	170,763	118,748	99,138	137,324
Administration	3,743,620	3,816,757	3,766,790	3,555,187
Fiscal	1,457,330	1,443,722	1,383,808	1,396,875
Operations and maintenance	6,297,877	5,545,420	5,036,278	5,442,055
Pupil transportation	2,138,796	2,191,111	2,002,206	1,869,871
Central	166,780	147,223	147,729	119,694
Operation of non-instructional services:				
Food service operations	1,839,020	1,694,138	1,666,276	1,775,874
Other non-instructional services	437,777	603,278	616,342	588,603
Extracurricular activities	1,348,542	1,276,019	729,828	1,342,774
Facilities acquisition and construction	1,353,395	1,294,927	1,818,243	573,018
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	959,328	514,167	441,312	403,946
Interest and fiscal charges	124,867	144,066	152,355	140,487
Total expenditures	<u>65,376,686</u>	<u>60,574,792</u>	<u>59,766,370</u>	<u>57,831,838</u>
Excess (deficiency) of revenues over (under) expenditures	1,503,774	4,371,020	1,725,119	1,038,569
Other Financing Sources (Uses):				
Transfers in	665,000	1,255,000	1,280,000	590,000
Transfers (out)	(665,000)	(1,255,000)	(1,280,000)	(590,000)
Proceeds from sale of capital assets	-	-	-	6,375
Proceeds of capital lease transaction	-	-	-	-
Proceeds of notes	-	-	-	-
Proceeds of loans	-	-	713,611	95,651
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>713,611</u>	<u>102,026</u>
Net change in fund balances	<u>\$ 1,503,774</u>	<u>\$ 4,371,020</u>	<u>\$ 2,438,730</u>	<u>\$ 1,140,595</u>
Debt service as a percentage of noncapital expenditures	1.76%	1.11%	1.03%	0.95%

Source: Findlay CSD, Treasurer's Office.

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$	25,764,840	\$ 24,943,804	\$ 25,584,455	\$ 24,488,752	\$ 24,443,309	\$ 24,379,865
	2,344,604	2,097,962	584,678	349,597	364,994	845,136
	181,235	258,138	328,856	726,197	704,121	575,776
	873,692	915,532	-	-	-	-
	547,674	641,279	584,164	-	554,553	424,922
	314,614	-	-	-	-	-
	-	-	-	-	46,010	23,867
	-	234,738	-	-	95,440	73,638
	1,113,275	1,445,815	780,918	1,288,634	438,102	313,809
	-	66,744	-	286,621	-	-
	-	-	-	-	-	-
	20,620,247	19,811,935	19,616,413	16,089,458	14,767,115	14,560,650
	4,001,791	2,674,921	2,225,223	2,278,420	2,091,169	2,061,932
	<u>55,761,972</u>	<u>53,090,868</u>	<u>49,704,707</u>	<u>45,507,679</u>	<u>43,504,813</u>	<u>43,259,595</u>
	22,677,188	22,197,626	20,966,922	20,146,170	18,556,675	17,547,349
	6,698,490	5,876,409	5,367,983	4,786,151	4,903,536	4,667,489
	2,830,388	2,716,560	2,627,251	2,847,382	2,170,232	2,574,877
	22,115	-	-	-	-	27,802
	966,151	870,279	280,148	257,121	183,780	143,565
	2,571,763	2,317,505	2,203,531	2,135,479	2,124,614	1,923,321
	4,290,418	3,688,968	3,172,173	2,619,051	2,944,597	2,938,580
	141,345	183,090	159,968	161,133	161,443	117,511
	3,629,330	3,251,163	3,020,575	2,918,664	2,683,610	2,580,603
	1,353,401	1,268,227	1,185,346	1,170,793	924,861	850,279
	5,693,012	5,393,900	4,997,667	4,657,929	8,536,941	4,243,421
	2,099,609	1,795,382	1,781,043	1,419,372	1,377,209	1,407,436
	140,790	229,529	175,560	214,230	68,024	19,175
	1,715,056	1,489,419	-	-	-	-
	668,136	694,726	389,418	308,813	354,128	284,624
	1,349,432	1,416,183	1,468,230	1,667,247	1,190,931	1,057,718
	44,188	94,152	53,727	1,458,280	-	-
	-	-	-	-	2,965,128	1,298,498
	439,334	399,511	457,173	444,152	271,526	119,882
	160,153	174,786	191,226	213,412	177,719	2,226
	<u>57,490,299</u>	<u>54,057,415</u>	<u>48,497,941</u>	<u>47,425,379</u>	<u>49,594,954</u>	<u>41,804,356</u>
	(1,728,327)	(966,547)	1,206,766	(1,917,700)	(6,090,141)	1,455,239
	-	3,212	-	158,235	3,500,000	1,000,000
	-	(3,212)	-	(158,069)	(3,500,000)	(1,000,000)
	7,551	17,937	101	21	23,025	1,476
	-	-	-	-	4,238,320	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	7,551	17,937	101	187	4,261,345	1,476
\$	<u>(1,720,776)</u>	<u>(948,610)</u>	<u>1,206,867</u>	<u>(1,917,513)</u>	<u>(1,828,796)</u>	<u>1,456,715</u>
	1.05%	1.07%	1.36%	1.43%	0.96%	0.30%

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

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUATION OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS

Calendar Year	Real Estate Property		General Tangible Personal Property		Public Utility Tangible Personal Property	
	Assessed Valuation	Estimated Actual Valuation (a)	Assessed Valuation	Estimated Actual Valuation (a)	Assessed Valuation	Estimated Actual Valuation (a)
2008	\$ 774,075,810	\$ 2,211,645,171	\$ 30,088,700	\$ 120,354,800	\$ 18,881,860	\$ 21,456,659
2007	732,408,130	2,092,594,657	61,443,228	245,772,912	22,421,120	25,478,545
2006	721,298,790	2,060,853,686	89,606,733	358,426,932	22,255,930	25,290,830
2005	709,762,130	2,027,891,800	121,231,428	484,925,712	22,704,310	25,800,352
2004	648,032,840	1,851,522,400	119,542,954	478,171,816	22,348,380	25,395,886
2003	628,600,880	1,796,002,514	141,389,687	565,558,748	22,109,380	25,124,295
2002	612,660,110	1,750,457,457	145,107,726	580,430,904	21,725,890	24,688,511
2001	575,436,570	1,644,104,486	137,351,370	549,405,480	28,606,450	32,507,330
2000	565,363,280	1,615,323,657	151,295,302	605,181,208	27,638,130	31,406,966
1999	552,595,100	1,578,843,143	141,159,293	564,637,172	30,406,010	34,552,284

Source: Hancock County Auditor.

(a) These amounts are calculated based on the following percentages:

Real estate property is assessed at 35 percent of estimated actual value, and has a weighted average direct rate of 30.98% for 2007.

General tangible personal property is assessed at 25 percent of estimated actual value, and has a weighted average direct rate of 2.60% for 2007.

Public utility tangible personal property is assessed at 88 percent of estimated actual value, and has a weighted average direct rate of 0.95% for 2007.

Total Property		Assessed Valuation as a Percent of Estimated Actual Valuation		Direct Property Tax Rate
Assessed Valuation	Estimated Actual Valuation			
\$ 823,046,370	\$ 2,353,456,631	34.97%	\$	60.75
816,272,478	2,363,846,115	34.53%		60.75
833,161,453	2,444,571,447	34.08%		58.25
853,697,868	2,538,617,864	33.63%		58.25
789,924,174	2,355,090,102	33.54%		53.35
792,099,947	2,386,685,558	33.19%		53.35
779,493,726	2,355,576,873	33.09%		53.35
741,394,390	2,226,017,295	33.31%		53.35
744,296,712	2,251,911,831	33.05%		53.35
724,160,403	2,178,032,599	33.25%		53.35

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

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)

LAST TEN CALENDAR YEARS

Calendar Year	Findlay City School District	City of Findlay	Hancock County	Hancock County Park District	Total
2008	\$ 60.75	\$ 3.20	\$ 7.80	\$ 0.80	\$ 72.55
2007	60.75	3.20	7.80	0.80	72.55
2006	58.25	3.20	5.00	0.80	67.25
2005	58.25	3.20	5.00	0.80	67.25
2004	53.35	3.20	5.51	0.80	62.86
2003	53.35	3.20	5.51	0.80	62.86
2002	53.35	3.20	5.12	0.80	62.47
2001	53.35	3.20	5.14	0.80	62.49
2000	53.35	3.20	5.15	0.80	62.50
1999	53.35	3.20	5.14	0.80	62.49

Source: Hancock County Auditor.

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

PRINCIPAL TAXPAYERS
REAL ESTATE PROPERTY

DECEMBER 31, 2007 AND DECEMBER 31, 1998

<u>Taxpayer</u>	<u>December 31, 2007</u>		
	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Marathon Oil Co.	\$ 10,646,930	1	1.45%
Cooper Tire and Rubber Co.	8,950,190	2	1.22%
Findlay Shopping Center	6,460,380	3	0.88%
Ohio Power Co.	5,921,580	4	0.81%
Logistic Solutions	3,844,010	5	0.52%
Lowe's	2,348,110	6	0.32%
LP Investment Co.	2,285,420	7	0.31%
Gardner, Philip	1,933,310	8	0.26%
Massillon Apartments	1,858,540	9	0.25%
Arbors of Findlay	1,786,680	10	0.24%
Total	<u>\$ 46,035,150</u>		<u>\$ 732,408,130</u>

<u>Taxpayer</u>	<u>December 31, 1998</u>		
	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Ohio Power Co.	\$ 15,324,520	1	3.21%
Marathon Oil Co.	11,083,400	2	2.32%
Ohio Bell Telephone Co.	9,496,940	3	1.99%
Cooper Tire and Rubber Co.	7,862,650	4	1.65%
Columbia Gas of Ohio	6,392,810	5	1.34%
Findlay Shopping Center	5,830,950	6	1.22%
Ohio Logistics, LTD	3,293,310	7	0.69%
GE Subsidiary, Inc.	2,351,200	8	0.49%
LP Investment Co.	2,323,330	9	0.49%
Findlex	1,623,020	10	0.34%
Total	<u>\$ 65,582,130</u>		<u>\$ 477,666,760</u>

Source: Hancock County Auditor.

Note: Tax information is available on a calendar year basis. Therefore, principal taxpayer information for real estate property taxes is presented for December 31, 2007 (the most recent information available) and December 31, 1998 (nine years prior, in accordance with GASB Statement No. 44).

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

PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY

DECEMBER 31, 2007 AND DECEMBER 31, 1998

December 31, 2007			
Taxpayer	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cooper Tire and Rubber Co.	\$ 3,907,590	1	4.66%
Nissan Brake	2,606,090	2	3.11%
Dow Chemical Co.	1,355,410	3	1.62%
Ohio Bell Telephone Co.	1,340,540	4	1.60%
Marathon Oil Co.	1,101,550	5	1.31%
Filtech, Inc.	886,260	6	1.06%
Findlay Products	613,840	7	0.73%
Bridgestone APM	693,780	8	0.83%
Cummins	454,980	9	0.54%
Findlay Industries, Inc.	456,940	10	0.54%
Total	\$ 13,416,980		\$ 83,864,348

December 31, 1998			
Taxpayer	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cooper Tire and Rubber Co.	\$ 24,086,450	1	14.30%
Harris Corporation	14,319,560	2	8.50%
Findlex	6,850,600	3	4.07%
Dow Chemical Co.	6,187,080	4	3.67%
Findlay Products	4,908,700	5	2.91%
Findlay Ford	3,656,740	6	2.17%
Findlay Industries, Inc.	3,334,300	7	1.98%
Hisan	2,614,170	8	1.55%
Bridgestone APM	2,554,010	9	1.52%
Filtech, Inc.	2,507,710	10	1.49%
Total	\$ 71,019,320		\$ 168,415,001

Source: Hancock County Auditor.

Note: Tax information is available on a calendar year basis. Therefore, principal taxpayer information for tangible personal property taxes is presented for December 31, 2007 (the most recent information available) and December 31, 1998 (nine years prior, in accordance with GASB Statement No. 44).

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS

Calendar Year	Current Taxes Levied	Delinquent Taxes Levied	Total Taxes Levied	Current Taxes Collected	Percent of Current Tax Levy Collected
2008	\$ 25,255,090	\$ 1,439,707	\$ 26,694,797	\$ 25,050,955	99.19%
2007	27,606,133	1,425,582	29,031,715	26,762,857	96.95%
2006	25,261,004	1,413,478	26,674,482	24,452,652	96.80%
2005	25,029,980	1,017,364	26,047,344	24,220,645	96.77%
2004	19,877,400	792,485	20,669,885	19,531,217	98.26%
2003	22,087,221	880,588	22,967,809	21,333,848	96.59%
2002	20,020,190	628,528	20,648,718	19,488,041	97.34%
2001	20,559,429	767,855	21,327,284	19,927,521	96.93%
2000	21,349,381	768,653	22,118,034	17,774,665	83.26%
1999	20,702,645	554,703	21,257,348	17,077,965	82.49%

Source: Hancock County Auditor.

	Delinquent Taxes Collected	Total Taxes Collected	Total Taxes Collected as a Percent of Total Tax Levy
\$	966,563	\$ 26,017,518	97.46%
	880,735	27,643,592	95.22%
	787,587	25,240,239	94.62%
	694,439	24,915,084	95.65%
	569,908	20,101,125	97.25%
	622,508	21,956,356	95.60%
	444,321	19,932,362	96.53%
	93,904	20,021,425	91.23%
	51,751	17,826,416	80.60%
	81,158	17,159,123	80.72%

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FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Long-Term Debt			Total Long-Term Debt Per Student	Total Long-Term Debt Per Capita	Ratio of Total Long-Term Debt to Median Income	Percentage of Total Long-Term Debt to Total Personal Income
	Asbestos Removal Loans	Energy Conservation Loans	Total Long-Term Debt				
2008	\$ 419,537	\$ -	\$ 419,537	\$ 70	\$ 11	\$ 9	0.02%
2007	527,598	584,206	1,111,804	169	29	25	0.06%
2006	635,659	735,673	1,371,332	209	36	30	0.08%
2005	743,721	95,651	839,372	129	21	19	0.05%
2004	851,782	-	851,782	133	22	19	0.05%
2003	959,844	-	959,844	149	24	21	0.05%
2002	1,067,905	-	1,067,905	165	27	24	0.06%
2001	1,175,965	-	1,175,965	185	30	26	0.07%
2000	1,284,026	-	1,284,026	200	33	29	0.08%
1999	1,392,088	-	1,392,088	218	37	32	0.09%

Source: Findlay CSD, Treasurer's Office.

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

DIRECT AND OVERLAPPING DEBT

JUNE 30, 2008

<u>Government Entity</u>	<u>Governmental Activities Outstanding Debt</u>	<u>Percentage Applicable to the District (a)</u>	<u>Amount Applicable to the District</u>
<u>Direct debt:</u>			
Findlay City School District	\$ 2,318,986	100.00%	\$ 2,318,986
Total direct debt	<u>2,318,986</u>		<u>2,318,986</u>
<u>Overlapping debt:</u>			
City of Findlay	3,129,075	96.77%	3,027,997
Hancock County	15,939,711	52.56%	8,377,828
Total overlapping debt	<u>19,068,786</u>		<u>11,405,825</u>
Total direct and overlapping debt	<u>\$ 21,387,772</u>		<u>\$ 13,724,811</u>

Sources: Findlay CSD, Treasurer's Office; City of Findlay; and Hancock County.

(a) Percentages applicable to the District were determined by dividing the 2008 assessed valuation of the government entity located within the boundaries of the District by the 2008 assessed valuation of the government entity in total.

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
LEGAL VOTED DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Legal Voted Debt Limitation (a)	Total Debt Applicable to Limitation	Debt Service Available Balance	Net Debt Applicable to Limitation	Legal Voted Debt Margin	Net Debt Applicable to Limitation as a Percent of Voted Debt Limitation
2008	\$ 69,666,823	\$ -	\$ -	\$ -	\$ 69,666,823	0.00%
2007	65,916,732	-	-	-	65,916,732	0.00%
2006	74,984,531	-	1,731	(1,731)	74,986,262	0.00%
2005	76,832,808	-	365	(365)	76,833,173	0.00%
2004	71,093,176	-	-	-	71,093,176	0.00%
2003	71,288,995	-	-	-	71,288,995	0.00%
2002	70,154,435	-	-	-	70,154,435	0.00%
2001	66,725,495	-	-	-	66,725,495	0.00%
2000	66,986,704	-	-	-	66,986,704	0.00%
1999	65,174,436	-	-	-	65,174,436	0.00%

Source: Findlay CSD, Treasurer's Office.

(a) Ohio Revised Code states that the legal voted debt limitation is 9% of the total assessed valuation.

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Average Daily Membership	Population	Median Age	Median Income	Total Personal Income	Unemployment Rates		
						Hancock County	Ohio	United States
2008	5,992	37,492	37.6	\$ 46,597	\$ 1,747,014,724	5.1%	5.7%	3.6%
2007	6,565	38,173	37.2	45,117	1,722,251,241	4.5%	5.6%	4.6%
2006	6,571	39,118	37.2	45,117	1,764,886,806	4.4%	5.4%	4.3%
2005	6,507	40,175	37.2	45,117	1,812,575,475	4.9%	7.4%	5.1%
2004	6,388	39,421	37.2	45,117	1,778,557,257	5.1%	6.0%	5.5%
2003	6,458	39,307	37.2	45,117	1,773,413,919	5.1%	6.1%	6.0%
2002	6,468	39,193	37.2	45,117	1,768,270,581	4.4%	5.9%	5.8%
2001	6,345	39,080	37.2	45,117	1,763,172,360	3.7%	5.1%	4.7%
2000	6,411	38,967	36.0	43,856	1,708,936,752	3.3%	3.2%	4.0%
1999	6,386	37,132	36.0	43,856	1,628,460,992	2.8%	4.1%	4.2%

Sources: Findlay CSD, Treasurer's Office; City of Findlay; Hancock County; Ohio Department of Education; Ohio Department Of Development; and U.S. Census Bureau.

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

PRINCIPAL EMPLOYERS

DECEMBER 31, 2007 AND DECEMBER 31, 1998

December 31, 2007			
Employer	Employees	Rank	Percentage of Total Employment
Whirlpool Corporation	2,000	1	17.15%
Blanchard Valley Regional Health Center	1,956	2	16.77%
Cooper Tire and Rubber Co.	1,913	3	16.40%
Marathon Oil Co.	1,528	4	13.10%
Nissan Brake	831	5	7.12%
Findlay City School District	804	6	6.89%
Lowe's	785	7	6.73%
Wal-Mart Stores	633	8	5.43%
Hancock County	625	9	5.36%
Sanoh America, Inc.	589	10	5.05%
Total	<u>11,664</u>		<u>100.00%</u>

December 31, 1998			
Employer	Employees	Rank	Percentage of Total Employment
Cooper Tire and Rubber Co.	1,928	1	19.33%
Whirlpool Corporation	1,750	2	17.55%
Blanchard Valley Regional Health Center	1,200	3	12.03%
Marathon Oil Co.	966	4	9.69%
Findlay Industries, Inc.	802	5	8.04%
Kohl's Distribution Center	802	6	8.04%
Findlay City School District	750	7	7.52%
Harris Corporation	636	8	6.38%
Hancock County	580	9	5.82%
Findlex	558	10	5.60%
Total	<u>9,972</u>		<u>100.00%</u>

Source: City of Findlay.

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

STAFFING STATISTICS
FULL TIME EQUIVALENTS BY TYPE AND FUNCTION
LAST TEN FISCAL YEARS

Staff Type	2008	2007	2006	2005	2004
Teaching Staff:					
Elementary School	187	189	184	187	199
Middle School	115	97	107	109	117
High School	152	138	140	141	152
Administration:					
District	51	46	47	47	45
Auxiliary Staff:					
Counselors	15	15	14	13	24
Librarians	1	1	1	1	4
Psychologists	4	6	7	7	11
Speech, Physical and Occupational Therapists	8	9	8	8	9
Nurses and Mental Health Specialists	6	7	7	7	6
Support Staff:					
Secretarial, Finance Clerks, EMIS	44	43	43	43	45
Aides	73	65	71	74	77
Program Directors (After / Before School & Alumni)	6	6	7	6	10
Food Services	34	34	36	35	33
Monitors and Security	19	16	12	11	12
Custodial	47	48	51	48	54
Maintenance	10	10	10	10	10
Bus Drivers	24	22	27	28	28
Mechanics	3	3	3	3	3
Extracurricular Coaches	105	105	108	108	103
Total	904	860	883	886	942

Staff Function	2008	2007	2006	2005	2004
Instruction:					
Regular	463	393	399	396	413
Other	144	119	123	133	154
Support Services:					
Pupil	37	41	40	38	57
Administration	22	69	70	71	71
Fiscal	7	7	7	7	7
Operations and maintenance	94	96	101	97	101
Pupil transportation	30	28	33	34	34
Extracurricular activities	107	107	110	110	105
Total	904	860	883	886	942

Source: Findlay CSD, Treasurer's Office.

2003	2002	2001	2000	1999
200	199	193	189	176
118	117	114	113	109
153	155	149	147	143
43	40	40	38	37
24	26	13	13	13
4	6	4	4	5
7	9	4	4	3
8	8	8	8	8
6	6	6	6	3
45	42	47	46	43
80	69	65	59	52
11	13	11	11	3
34	32	32	33	31
10	11	9	10	10
50	54	46	47	48
10	9	10	9	10
27	27	25	27	23
3	2	2	2	2
106	111	103	107	96
<u>939</u>	<u>936</u>	<u>881</u>	<u>873</u>	<u>815</u>

2003	2002	2001	2000	1999
415	403	386	390	361
156	161	155	139	131
53	59	38	38	35
69	63	68	66	62
7	7	7	7	7
98	99	92	92	93
33	32	30	32	28
108	112	105	109	98
<u>939</u>	<u>936</u>	<u>881</u>	<u>873</u>	<u>815</u>

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FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
 CAPITAL ASSET STATISTICS
 LAST SIX FISCAL YEARS

<u>Governmental Activities</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Capital Assets:						
Land	\$ 416,459	\$ 416,459	\$ 416,459	\$ 416,459	\$ 416,459	\$ 416,459
Land improvements	342,671	299,982	313,496	214,037	234,007	257,388
Buildings and improvements	10,161,543	8,574,033	8,843,491	7,530,937	7,853,690	8,177,206
Equipment and furniture	1,862,297	1,085,859	1,038,673	509,283	681,393	903,409
Vehicles	1,202,164	1,132,511	528,158	583,970	652,623	590,755
Construction in progress	-	-	-	242,588	-	-
Total	<u>\$ 13,985,134</u>	<u>\$ 11,508,844</u>	<u>\$ 11,140,277</u>	<u>\$ 9,497,274</u>	<u>\$ 9,838,172</u>	<u>\$ 10,345,217</u>

Source: Findlay CSD, Treasurer's Office.

Note: Capital asset amounts reported above are presented net of accumulated depreciation.

**FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO**
BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>Building</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>High School</u>				
Square footage	246,608	246,608	246,608	246,608
Student enrollment	2,121	2,325	2,293	2,209
<u>Central Middle School</u>				
Square footage	105,912	105,912	105,912	105,912
Student enrollment	449	492	467	487
<u>Donnell Middle School</u>				
Square footage	70,605	70,605	70,605	70,605
Student enrollment	420	460	473	467
<u>Glenwood Middle School</u>				
Square footage	70,605	70,605	70,605	70,605
Student enrollment	391	428	441	440
<u>Bigelow Hill Elementary School</u>				
Square footage	31,645	31,645	31,645	31,645
Student enrollment	230	252	245	245
<u>Chamberlin Hill Elementary School</u>				
Square footage	31,645	31,645	31,645	31,645
Student enrollment	225	247	247	264
<u>Jacobs Elementary School</u>				
Square footage	31,645	31,645	31,645	31,645
Student enrollment	288	315	308	297
<u>Jefferson Elementary School</u>				
Square footage	25,509	25,509	25,509	25,509
Student enrollment	249	273	272	244
<u>Lincoln Elementary School</u>				
Square footage	57,892	57,892	57,892	57,892
Student enrollment	396	434	471	490
<u>Northview Elementary School</u>				
Square footage	36,246	36,246	36,246	36,246
Student enrollment	277	303	319	308
<u>Washington Elementary School</u>				
Square footage	40,287	40,287	40,287	40,287
Student enrollment	203	222	240	265
<u>Whittier Elementary School</u>				
Square footage	31,930	31,930	31,930	31,930
Student enrollment	356	390	383	384
<u>Wilson Vance Elementary School</u>				
Square footage	38,193	38,193	38,193	38,193
Student enrollment	387	424	412	407
<u>Bus Garage</u>				
Square footage	3,000	3,000	3,000	3,000
<u>Maintenance Building</u>				
Square footage	5,000	5,000	5,000	5,000
<u>Millstream East</u>				
Square footage	28,152	28,152	28,152	28,152
<u>Millstream South</u>				
Square footage	31,645	31,645	31,645	31,645

Source: Findlay CSD, Treasurer's Office.

2004	2003	2002	2001	2000	1999
246,608 2,150	246,608 2,162	246,608 2,172	246,608 2,121	246,608 2,177	226,782 2,123
105,912 536	105,912 536	105,912 514	105,912 473	105,912 451	105,912 442
70,605 480	70,605 480	70,605 455	70,605 466	70,605 455	70,605 478
70,605 417	70,605 417	70,605 429	70,605 395	70,605 416	70,605 445
31,645 264	31,645 277	31,645 291	31,645 292	31,645 280	31,645 284
31,645 258	31,645 264	31,645 243	31,645 232	31,645 258	31,645 259
31,645 283	31,645 299	31,645 305	31,645 297	31,645 319	31,645 348
25,509 244	25,509 259	25,509 281	25,509 270	25,509 249	25,509 227
57,892 478	57,892 478	57,892 489	57,892 497	57,892 524	57,892 509
36,246 278	36,246 286	36,246 297	36,246 309	36,246 215	36,246 333
40,287 224	40,287 224	40,287 244	40,287 260	40,287 269	40,287 253
31,930 402	31,930 402	31,930 393	31,930 393	30,369 369	30,369 368
38,193 374	38,193 374	38,193 355	38,193 340	38,193 329	38,193 317
3,000	3,000	3,000	3,000	3,000	3,000
5,000	5,000	5,000	5,000	5,000	5,000
28,152	28,152	28,152	28,152	28,152	28,152
31,645	31,645	31,645	31,645	31,645	31,645

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities (a)		Governmental Funds		Average Daily Membership	ADM Percent Change
	Expenses	Expense Per Pupil	Expenditures	Expenditure Per Pupil		
2008	\$ 62,659,951	\$ 10,457	\$ 65,376,686	\$ 10,911	5,992	-8.73%
2007	59,738,061	9,099	60,574,792	9,227	6,565	-0.09%
2006	57,063,637	8,684	59,766,370	9,095	6,571	0.98%
2005	57,316,813	8,808	57,831,838	8,888	6,507	1.86%
2004	58,275,502	9,123	57,490,299	9,000	6,388	-1.08%
2003	54,605,019	8,455	54,057,415	8,371	6,458	-0.15%
2002	n/a	n/a	48,497,941	7,498	6,468	1.94%
2001	n/a	n/a	47,425,379	7,474	6,345	-1.03%
2000	n/a	n/a	49,594,954	7,736	6,411	0.39%
1999	n/a	n/a	41,804,356	6,546	6,386	1.12%

Source: Findlay CSD, Treasurer's Office.

(a) The District implemented GASB Statement No. 34 in fiscal year 2003.

Student Attendance Percentage	Students on Free & Reduced Lunches	Percentage of Students on Free & Reduced Lunches	Teaching Staff	Student/Teacher Ratio
93.9%	2,161	36.1%	454	13.20
95.4%	1,911	29.1%	424	15.48
95.4%	2,037	31.0%	431	15.25
95.4%	1,874	28.8%	437	14.89
95.7%	1,701	26.6%	468	13.65
95.7%	1,459	22.6%	471	13.71
95.9%	1,673	25.9%	471	13.73
95.5%	1,356	21.4%	456	13.91
94.8%	1,631	25.4%	449	14.28
94.7%	1,332	20.9%	428	14.92

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

TEACHER STATISTICS

JUNE 30, 2008

<u>Education</u>	<u>Number of Teachers</u>	<u>Percentage of Teachers</u>	<u>Salary Range</u>	<u>Average Salary</u>
Bachelor's Degree	75	16.52%	\$29,747 - \$51,895	\$ 37,205
Bachelor's Degree plus 15 hours	35	7.71%	43,908 - 54,688	43,908
Bachelor's Degree plus 30 hours	45	9.91%	49,412 - 57,478	49,912
Master's Degree	111	24.45%	48,486 - 64,160	48,486
Master's Degree plus 15 hours	58	12.78%	58,187 - 67,007	58,187
Master's Degree plus 30 hours	122	26.87%	66,184 - 70,964	66,184
Non-Degree	8	1.76%	40,300 - 49,963	46,775
Total	<u>454</u>	<u>100.00%</u>		

<u>Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Teachers</u>	<u>Salary Range</u>	<u>Average Salary</u>
0 - 5 years	112	24.67%	\$22,492 - \$48,088	\$ 36,364
6 - 10 years	88	19.38%	30,129 - 58,608	48,700
11 - 20 years	118	25.99%	56,835 - 67,025	56,835
Over 20 years	136	29.96%	64,072 - 70,964	64,072
Total	<u>454</u>	<u>100.00%</u>		

Source: Findlay CSD, Treasurer's Office.



Mary Taylor, CPA
Auditor of State

FINDLAY CITY SCHOOL DISTRICT

HANCOCK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 3, 2009**

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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FIVE-YEAR PROJECTION OF OPERATIONAL REVENUES AND EXPENDITURES

**Findlay City School District
Hancock County, Ohio**

Following is a summary of a five-year financial projection prepared by the Treasurer of the School District, in compliance with Revised Code Section 5705.391 (see discussion in APPENDIX A under “FINANCES OF THE SCHOOL DISTRICT – Five-Year Projection”). The projection is based upon certain assumptions required to be made in accordance with rules promulgated by the Department, including the assumption that no revenues from future voter-approved tax levies will be available. A complete version of the projection may be obtained from the Treasurer’s office or from the Department. Readers of this Official Statement are cautioned that actual circumstances may differ from the assumptions required to be used in preparation of this projection. As a result, the actual future financial situation of the School District may be materially different from that stated in this projection, and investors are cautioned not to place undue reliance on such forward-looking statements.

**Findlay City School District
Hancock County
Five Year Forecast for Fiscal Years 2007 through 2014**

	Actual				Forecasted				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Average Change	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Revenues									
1.010 General Property Tax (Real Estate)	\$23,779,336	\$23,568,140	\$23,720,151	-0.1%	\$24,824,081	\$25,546,442	\$25,929,639	\$24,319,559	\$20,688,303
1.020 Tangible Personal Property Tax	5,425,753	3,577,151	1,434,237	-47.0%	461,158	36,000	30,000	25,000	25,000
1.030 Income Tax									
1.035 Unrestricted Grants-in-Aid (all 3100's except 3130)	18,522,949	18,148,690	18,977,627	1.3%	17,325,241	16,978,736	16,978,736	16,978,736	16,978,736
1.040 Restricted Grants-in-Aid (3200's)	188,375	360,076	409,584	52.4%	346,275	348,502	348,502	348,502	348,502
1.045 Restricted Federal Grants-in-Aid - SFSF					1,130,000	1,130,000			
1.050 Property Tax Allocation (3130)	4,885,565	6,195,756	7,954,982	27.8%	8,477,674	8,521,429	8,521,429	8,521,429	7,288,825
1.060 All Other Revenues	2,968,856	2,858,781	3,446,738	8.6%	3,032,825	3,087,825	3,052,825	3,107,825	3,162,825
1.070 Total Revenues	56,780,834	54,708,574	55,943,319	0.2%	55,597,255	56,647,934	54,861,131	53,301,051	48,490,192
Other Financing Sources									
2.050 Advances-In	145,000	474,336	1,806,706	254.0%	340,000	290,000	290,000	290,000	290,000
2.060 All Other Financing Sources	6,520	4,371	4,743	-12.2%	53,300	4,300	4,300	4,300	4,300
2.070 Total Other Financing Sources	151,520	478,707	1,811,449	247.2%	393,300	294,300	294,300	294,300	294,300
2.080 Total Revenues and Other Financing Sources	56,912,354	55,187,281	57,754,768	1.7%	55,990,555	56,942,234	55,155,431	53,595,351	48,784,492
Expenditures									
3.010 Personnel Services	30,789,567	30,581,278	31,485,898	1.2%	31,736,560	32,542,130	33,045,995	33,263,547	33,435,190
3.020 Employees' Retirement/Insurance Benefits	10,731,727	11,144,480	12,183,982	6.8%	12,777,227	13,594,455	14,483,667	15,339,404	16,065,004
3.030 Purchased Services	4,794,065	6,401,742	7,409,372	24.8%	7,831,653	8,203,236	8,613,368	9,044,067	9,379,031
3.040 Supplies and Materials	2,007,331	1,977,217	1,908,263	-2.5%	1,715,837	1,715,837	1,715,837	1,715,837	1,715,837
3.050 Capital Outlay	916,140	1,310,767	988,458	9.2%	720,000	620,000	620,000	620,000	620,000
3.060 Intergovernmental									
Debt Service:									
4.010 Principal-All (Historical Only)									
4.020 Principal-Notes	108,062	108,062	108,062	0.0%	108,062	100,314	72,402	30,898	
4.050 Principal-HB 284 Loans	151,468	584,207		92.9%					
4.060 Interest and Fiscal Charges	30,400	23,821		-61.1%					
4.300 Other Objects	953,193	1,042,109	967,125	1.1%	1,090,000	1,070,000	1,080,000	1,090,000	1,100,000
4.500 Total Expenditures	50,461,951	53,173,481	55,049,110	4.5%	55,979,139	57,845,772	59,631,099	61,193,353	62,344,862
Other Financing Uses									
5.010 Operating Transfers-Out	1,255,000	665,000	75,000	-67.9%	75,000	75,000	75,000	75,000	75,000
5.020 Advances-Out	674,336	2,156,708	121,840	62.7%	290,000	290,000	290,000	290,000	290,000
5.030 All Other Financing Uses		800			2,500	2,500	2,500	2,500	2,500
5.040 Total Other Financing Uses	1,929,336	2,822,508	196,840	-23.4%	367,500	367,500	367,500	367,500	367,500
5.050 Total Expenditures and Other Financing Uses	52,391,287	55,995,989	55,245,950	2.8%	56,346,639	58,213,272	59,998,599	61,560,853	62,712,362
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	3,521,067	808,706-	2,508,818	-266.6%	356,084-	2,271,038-	4,843,168-	7,965,502-	13,927,870-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,126,370	8,647,437	7,838,731	29.7%	10,347,549	9,991,465	7,720,427	2,877,259	5,088,243-
7.020 Cash Balance June 30	6,647,437	7,838,731	10,347,549	11.3%	9,991,465	7,720,427	2,877,259	5,088,243-	19,016,113-
8.010 Estimated Encumbrances June 30	1,983,853	1,684,959	1,576,444	-10.7%	1,550,000	1,550,000	1,560,000	1,550,000	1,560,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials									
9.020 Capital Improvements									
9.030 Budget Reserve									
9.070 Bus Purchases					63,923				
9.080 Subtotal					63,923				
10.010 Fund Balance June 30 for Certification of Appropriations	6,663,584	6,173,772	8,771,105	17.4%	8,377,542	6,170,427	1,327,259	6,638,243-	20,566,113-
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal									
11.020 Property Tax - Renewal or Replacement							1,999,025	3,998,049	
11.300 Cumulative Balance of Replacement/Renewal Levies							1,999,025	5,997,074	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	6,663,584	6,173,772	8,771,105	17.4%	8,377,542	6,170,427	1,327,259	4,639,219-	14,569,040-
Revenue from New Levies									
13.010 Income Tax - New									
13.020 Property Tax - New									
13.030 Cumulative Balance of New Levies									
14.010 Revenue from Future State Advancements									
15.010 Unreserved Fund Balance June 30	6,663,584	6,173,772	8,771,105	17.4%	8,377,542	6,170,427	1,327,259	4,639,219-	14,569,040-
ADM Forecasts									
20.010 Kindergarten - October Count					440	439	438	437	436
20.015 Grades 1-12 - October Count					5550	5500	5450	5400	5350
State Fiscal Stabilization Funds included within lines 3.01 through 3.05 above									
21.010 Personnel Services SFSF					874,000	874,000			
21.020 Employees Retirement/Insurance Benefits SFSF					247,500	247,500			
21.030 Purchased Services SFSF					8,500	8,500			
21.040 Supplies and Materials SFSF									
21.050 Capital Outlay SFSF									
21.060 Total Expenditures - SFSF					1,130,000	1,130,000			

RATIOS & ANALYSIS

	FY2010	FY2011	FY2012	FY2013	FY2014
True Days Cash NO Renewals= line 10.010 / (line 5.050 / 365 days)	46 days	40 days	58 days	54 days	39 days
True Days Cash w/RENEWALS=line 15.010 / (line 5.050 / 365 days)	46 days	40 days	58 days	54 days	39 days
Target 15.010 balance to equal 40 days cash	5,741,511	6,136,547	6,054,351	6,174,974	6,379,537
Amount over (short) of goal of 40 days true cash	922,073	37,225	2,716,754	2,202,568	(209,109)
Salary & Benefit Costs / Total Costs (Target Range <= 80-83%)	79.21%	74.52%	79.05%	79.00%	79.25%
Salary & Benefit Costs / Total Rev. (Target Range <= 80-83%)	74.23%	75.61%	75.61%	79.50%	82.47%
Salary & Benefit Costs / Total Rev. + Unresrvd Bal (Target<=75%)	66.32%	68.00%	65.64%	69.16%	74.28%
				84.15%	95.66%
				78.10%	78.98%
				86.17%	87.59%
				88.17%	93.84%
				113.85%	129.61%

See accompanying summary of significant forecast assumptions and accounting policies

PRINTED: 4-Jan-10

Includes: General fund, Emergency Levy fund, PBA fund, Textbook fund, Fiscal Stabilization fund & any portion of Debt Service fund related to General fund debt FOR BOARD APPROVAL: 11-Jan-10

FINDLAY CITY SCHOOLS FORECAST ASSUMPTIONS – January 11, 2010

REVENUES:

1.010-1.020 Property Tax - Property tax revenues are based on historical growth patterns, including scheduled updates and reappraisals. Passage of a 5-year 5.9 mill replacement levy in November 2008 (TY2009-2013) with collection starting calendar year 2010 and ending calendar year 2014 has been built into the projection. Next scheduled reappraisal is 2010 on which collections will begin in calendar year 2011. The District anticipates no growth from the reappraisal based on input from the Budget Commission at their 2/23/09 hearing. Collections in FY08 were less in line 1.010 because the County Auditor had a larger collection window in the previous year than in FY2008 so amounts that would have normally been collected in 2008 were actually collected in 2007. Also see flood notes at the bottom.

The District replaced a 4.9 mill operating levy for 5 years on the May 2007 ballot (TY2007-2011) with collection continuing calendar year 2008 and ending calendar year 2012. Collections from this levy will stop in calendar 2013 and the decrease is shown in FY2013 on line 1.010; however revenue from the renewal of that levy is also shown on line 11.020.

The tangible personal property tax estimates are based on historical collection levels and recent changes in the state tax laws. Tangible personal property includes furniture & fixtures, machinery & equipment, and inventory. Effective tax year 2006, the tangible personal property tax began a four-year phase out. School districts have been promised full replacement of this lost tax over the next five years via the school funding formula and direct payments from the State (excluding the inventory taxes that were already scheduled to be eliminated and the first half-mill on bond and emergency levies). The direct payments from the State will be phased out over seven (7) years from 2014 through 2020. These state reimbursements are reflected in line 1.050 Property Tax Allocation. Ohio residents can expect to see much higher levy millage rates on future ballots given that tangible property will no longer be taxable.

The tangible personal property tax will be replaced by the new commercial activity tax (CAT), which is being phased in over a five-year period. Once fully phased in, the CAT will be a 0.26% tax on any business' gross receipts in excess of \$1 million. Businesses with gross receipts between \$150,000 and \$1 million will pay a minimum of \$150, while businesses with receipts of less than \$150,000 will not be subject to the CAT.

Beginning in tax year 2004, all taxpayers having taxable personal property with a taxable value of less than \$10,000 were no longer required to file a personal property tax return. Prior to 2004, taxpayers with less than \$10,000 in personal property filed a tax return, even though they would not owe any taxes. The state would use the form to reimburse school districts for personal property tax revenues that were not collected based on the filings. The state reimbursement was initially to be phased out over a 10-year period, beginning in fiscal year 2004. The reimbursement for fiscal year 2006 (\$214,000) was equal to 70% of the fiscal year 2003 reimbursement. Due to past tax reform, this \$214,000 is being phased out in a four year period where the District receives about \$160K in FY07, \$107K in FY08, \$54K in FY09, and \$0 in FY10. These amounts are reflected in line 1.050.

The amounts in 1.010 and 1.020 do not anticipate the automatic passage of replacement or renewal levies. That means that when a levy is scheduled to expire, the estimated property tax revenue has a corresponding decline (e.g. FY2013). Although new levies may be proposed during this time period, no new levies are included in these amounts. Revenues from anticipated replacement/renewal levies are on line 11.020.

1.030 Income Tax - The District has no income tax collections.

1.035-1.040 Grants-in-Aid - To begin the 2009-2010 school year, the Governor and General Assembly passed a new biennium budget in mid-July which adopted a completely new methodology of calculating funding levels for Ohio's school districts. While Findlay, like most other districts, will not see any additional funding due to caps and amounts yet to be phased in, it must be acknowledged that this new method addresses many aspects of school funding such as building population, pupil teacher ratios, all-day kindergarten, local poverty levels, and local college attainment; none of which were taken into account in the former formula. For FY10 Findlay was guaranteed 99% of FY09 state funding and will likely see a 2% reduction in FY11.

1.045 State Fiscal Stabilization Fund (SFSF) - The 2009 American Reinvestment & Recovery Act included money to be distributed by the State of Ohio. The State is using that money as to help fill its gap in formula funding available to school districts. In Findlay's case it is \$1,130,000 which when added to other state funding gets us at 99% of the FY09 funding state funding level. This money is tracked in fund #532 and is within this forecast. It replaces funding that was previously provided by the State and is built into the biennial state budget. There are no restrictions on this funding at the local level. This funding goes away in FY12 with the Feds and State hoping that the economy will have bounced back by then so that the State can resume past levels of funding.

1.050 Property Tax Allocation - Property tax allocation revenues are based on historical growth patterns, including scheduled updates and reappraisals. Passage of a 5-year 5.9 mill replacement levy in November 2008 (TY2009-2013) with collection starting calendar year 2010 and ending calendar year 2014 has been built into the projection. The District replaced a 4.9 mill levy for five (5) years on the May 2007 ballot (TY2007-2011) with collection continuing in calendar year 2008 and ending in calendar year 2012.

Under Amended Substitute House Bill 95, the Ohio Department of Taxation now deducts a fee from the monies reimbursed back to a school district as a result of the 10% rollback on each parcel of real property on the general tax list, public utility, and manufactured and mobile home tax list. The rollback reimbursement is distributed twice a year, approximately 30 days after the county auditor certifies the February and August real estate settlements. The first effect of this deduction appeared in 2004.

The amounts in 1.010 and 1.020 do not anticipate the automatic passage of a replacement or renewal levy. That means that when a levy is scheduled to expire, the estimated property tax revenue has a corresponding decline (e.g. FY2013). Although new levies may be proposed during this time period, no new levies are included in these amounts. Revenues from anticipated replacement/renewal levies are in line 11.020.

1.060 All Other Revenues - Modest decreases in FY2010-2014 anticipate lower investment income. However, FY2011 will net an additional 90K per year in rental fees from Millstream districts while another 90K per year is expected in FY2013 and the third phase will come in FY2014 for a total of 270K per year in rental fees from Millstream districts.

2.010 Proceeds from Sale of Notes - The District does not anticipate any sale of notes via the general fund.

2.050 Advances-In - Revenues received by a fund as a result of a transfer or advance from another fund in anticipation of future revenue. These are monies that were advanced out in previous year(s) and returned back to general fund. Line 2.050 should match the previous year's line 5.020.

EXPENDITURES:

3.010 Personnel Services – The amounts for salaries and benefits are based on existing negotiated agreements. No base salary increases have been assumed for fiscal years beyond FY12. Personnel services are projected at 1.2% increases to cover experience and education changes. FY07 went down 30-35 certified positions from FY2006 and 12-15 classified positions through a combination of non-renewals, reductions-in-force (RIF's) and attrition. FY09 reflects a gain of 6 teaching positions primarily due to the implementation of all day every day kindergarten throughout the district. Substitute costs of \$650,000 have been moved to purchased services beginning in FY08 for Renhill contract. FY10 includes reductions of 13 positions through a combination of attrition and RIFs, while FY11 includes reductions of 6 positions. FY12 reflects 5 fewer positions as the middle school transition begins. FY13 reflects 2 more transitional reductions and FY14 completes the personnel reductions from the new buildings with 8 fewer positions. It is the district's goal to continue to reduce positions if it makes sense in certain situations such as declining enrollment or lack of interest in a particular course. FY10 & 11 also have had 280K of special ed salaries removed which are covered by federal stimulus funds. Those salaries will need to be paid by the general fund again in FY12.

3.020 Employees' Retirement/Insurance Benefits – Line 3.020 reflects FY07 general fund health care costs of \$7.1 million (medical, prescription, dental and vision). Two factors have contributed to the decrease of health care costs over past projections. The majority of the decrease is due to a change in carriers from Medical Mutual to the Anthem network effective June 1, 2006. The second factor is 44 fewer employees on our plan in FY07 which saved the District \$528,000. The forecast assumes a net increase to the District's fiscal year 2009 health care costs of 10.2% in FY2010 based on June 2009 renewal quote of \$7,655,851 from Anthem, 11.0% in FY11, 10.5% in FY12, 10.0% in FY13, and 9.5% in FY14. Line 3.020 also includes approximately \$178,000 for professional dues reimbursements, \$67,000 for tuition reimbursements, and \$90,000 for STRS/SERS 14% contributions for Renhill employees. The remaining benefits (e.g. retirement, Medicare, workers compensation, and unemployment) in line 3.020 are based on 16.5% of salaries in line 3.010.

3.030-3.040 Purchased Service and Supplies and Materials – Purchased services, which include contracted substitutes, utilities, repairs, leases, and tuition payments, are forecast to increase by an overall 5.7% in FY10 and 5% each year thereafter. General fund professional development will be reduced 20K in FY11 given that there is professional development money coming in from stimulus grants. Supplies reflect a 10% decrease in FY2010 and 0% increases thereafter. Also see flood notes at bottom.

3.050 Capital Outlay – Fiscal year 2007 and 2008 equipment expenditures were up due to school bus purchases (430K) and the wireless technology project (550K). FY09 and beyond presume fewer general fund district projects. Also see flood notes at bottom.

4.020 Principal Notes – The District has three interest free asbestos loans from the United States Environmental Protection Agency. Tax revenues posted in the Debt Service Fund cover the scheduled loan payments. Annual requirements to amortize all long-term debt outstanding as of 6/30/09, are \$108,061 each year from 2009 through 2010, \$100,314 in 2011, \$72,402 in 2012, and \$30,698 in 2013 for a \$419,536 total.

4.050-4.060 HB 264 Loans & Interest – In FY2006 the District took out a low interest (4.297%) five-year loan to make improvements that would help reduce energy costs. Payments were semi-annual with the first payment on the principal made in late FY2006. This loan was paid off in May 2008 when the STAR Ohio investment rate was 2.2% and dropping.

4.300 Other Objects – This line is based on historical patterns and county auditor fees, which increase as collections increase.

5.010 Operating Transfer-Out – A total of \$3,540,000 from the 3-year 4.9 mill levy proceeds passed in 2004, was transferred to the Permanent Improvement fund (003) from FY2005 through FY08 to be designated for building repair and maintenance per the Board of Education's Budget Reduction Plan 2005-2007. \$75,000 per year is transferred to fund 432 to cover EMIS costs.

5.020 Advances-Out – Advances are transactions, which withdraw money from one fund to another, in anticipation of future revenue. For the fiscal years 2010-2014, the District anticipates a need to annually advance funds to the Food Service Fund, 006-9060, in the amount of \$50,000; the Permanent Improvement fund, 003-9030, in the amount of \$90,000 and to miscellaneous state and federal funds in the amount of \$150,000 to cover cash flow needs. In FY07 the District advanced \$500,000 to the Donnell Stadium fund for new field turf which has been paid back by the Donnell Foundation. In FY08 the District advanced \$2,050,000 to the 014-9140 flood fund in anticipation of FEMA and Ohio EMA reimbursements.

RESERVATION OF FUND BALANCE:

9.010 Textbooks and Instructional Materials – The District meets the annual spending requirement for SB345 set-asides. If the District spends monies in the textbook and instructional material set-aside in excess of the required amount for that year, the Board may deduct the excess amount of money from the required deposit in future fiscal years.

9.020 Capital Improvements - The district budget meets the annual spending requirement for SB345 set-asides. If the District spends monies in the Capital Improvements set-aside in excess of the required amount for that year, the Board may NOT deduct the excess amount of money from the required deposit in future fiscal years.

9.040 and 9.070 DPIA/PBA and Bus Purchases - The District annually spends the allocations provided in these funds. As of January 4, 2010, the District had \$63,923 in the bus purchase subsidy account.

11.020 Property Tax Renewal – By the end of calendar year 2012, the District will need to ask the voters to replace a 5-year 4.9 mill levy that previously passed in May 2007 (TY2007-2011) with collection starting calendar year 2008 and ending calendar year 2012.

FLOOD NOTES: Hancock County sustained major flood damage from large rainfalls at the end of August 2007. The Findlay City Schools had 8 properties that were affected: Central, Washington, Lincoln, Wilson Vance, Northview, and Findlay High School, as well as the Transportation garage and offices, and the softball shed at FHS. Repair and restoration and mitigation will exceed \$3.5 million. The bulk of the damage (over \$3.3 million) occurred at Central Middle School where the district's central offices and records were located in the basement. On August 27th the Board appropriated \$1.8 million for immediate needs to help clean up and replace what was damaged in the flood. The District qualifies for public assistance from FEMA. It is anticipated that FEMA will pay for 75% of the costs, while the State will cover at least 12.5% and the District will need to cover the remainder. FEMA eligible costs and reports are expected to be completed in early 2010.

**FORM OF APPROVING LEGAL OPINION
OF BRICKER & ECKLER LLP**

Stifel, Nicolaus & Company, Incorporated
Columbus, Ohio

We have acted as bond counsel to the Findlay City School District, Hancock County, Ohio (the “School District”) in connection with the issuance by the School District of its \$217,134.65 School Facilities Construction and Improvement Bonds, Series 2010A, dated February 4, 2010 (the “Series 2010A Bonds”), and its \$53,975,000.00 School Facilities Construction and Improvement Bonds, Series 2010B Bonds (Federal Taxable – Build America Bonds – Direct Payment), dated February 4, 2010 (the “Series 2010B Bonds,” and together with the Series 2010A Bonds, the “Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the School District, and are valid and binding general obligations of the School District.
2. The Bonds are secured by the pledge of the full faith and credit of the School District for the payment thereof and by the pledge of the School District to levy ad valorem taxes outside the ten mill limitation of Article XII, Section 2 of the Constitution of the State of Ohio, upon all property on the general tax lists and duplicates of the School District, in an amount sufficient to pay the principal of and interest on the Bonds when due, which taxes are unlimited as to rate and amount.
3. The interest on the Series 2010A Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion set forth in the preceding sentence is subject to the condition that the School District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Series 2010A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The School District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2010A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2010A Bonds.

4. Interest on the Series 2010B Bonds is **not** excludable from gross income for federal income tax purposes. The School District has irrevocably elected to apply the provisions of Section 54AA of the Code to the Series 2010B Bonds, and it has further irrevocably elected under Section 54AA(g) of the Code to treat the Series 2010B Bonds as “qualified bonds”.
5. The Bonds, the interest on the Bonds and the transfer, and any profit made on the sale or other disposition, of the Bonds are exempt from taxes levied by the State of Ohio and its political subdivisions. For purposes of this paragraph, “taxes” means any direct or indirect taxes, including income, ad valorem, transfer, and excise taxes; the commercial activity tax; and the corporate franchise tax measured by net income of a corporation, but “taxes” does not mean or include: (i) the corporate franchise tax measured by net worth of a corporation; (ii) the estate tax; (iii) the taxes levied on insurance companies and dealers in intangibles pursuant to Ohio Revised Code Chapter 5725; and (iv) the tax on shares of and capital employed by dealers in intangibles pursuant to Ohio Revised Code Section 5707.03.

The School District has designated the Series 2010A Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Although we have participated in the preparation of portions of the Official Statement dated January 21, 2010 relating to the Bonds, we have not been engaged to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion and make no representation relating thereto (excepting only the matters set forth as our opinion in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

Please be advised that the rights of the holders of the Bonds and the enforceability thereof are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. We bring to your attention the fact that our legal opinions are an expression of our professional judgment and are not a guarantee of a result.

SAMPLE CLOSING CERTIFICATE

Findlay City School District
Hancock County, Ohio

\$217,134.65
School Facilities Construction and
Improvement Bonds, Series 2010A
(General Obligation – Unlimited Tax)

\$53,975,000
School Facilities Construction and
Improvement Bonds, Series 2010B
(Federal Taxable – Build America Bonds – Direct Payment)
(General Obligation – Unlimited Tax)

To Stifel, Nicolaus & Company, Incorporated:

It is my understanding that, in considering whether to purchase the above-captioned obligations, you have relied on the Official Statement for such obligations dated January 21, 2010 (the “Official Statement”), which Official Statement was prepared and executed by and for the Findlay City School District, Hancock County, Ohio (the “School District”) under the direction of the Board of Education.

In connection with your reliance as stated above, I hereby certify that:

1. I have reviewed the Official Statement and have made such investigation and inquiries as I deemed necessary in the circumstances;
2. The statements and information contained in the Official Statement are correct and complete in all material respects, and they do not omit any statement or information necessary in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading or incomplete in any material respect; and
3. To the best of my knowledge, since the date of the Official Statement, nothing has occurred which has caused, or which might reasonably be expected to cause, a material adverse change in the condition or prospects of the School District.

Date: February 4, 2010

Treasurer, Board of Education
Findlay City School District
Hancock County, Ohio

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SAMPLE CONTINUING DISCLOSURE CERTIFICATE

Findlay City School District
Hancock County, Ohio

\$217,134.65
School Facilities Construction and
Improvement Bonds, Series 2010A
(General Obligation – Unlimited Tax)

\$53,975,000
School Facilities Construction and
Improvement Bonds, Series 2010B
(Federal Taxable – Build America Bonds – Direct Payment)
(General Obligation – Unlimited Tax)

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Treasurer of the Findlay City School District, Hancock County, Ohio (the “School District”) pursuant to the December 14, 2009 resolution of the Board of Education of the School District authorizing the issuance and sale of the above-captioned obligations (the “Bonds”). The School District covenants and agrees as follows:

Section 1. Definitions. The following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the School District referred to in the Official Statement and any appendix therein.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB for use in the collection and dissemination of information, which system the SEC has stated to be consistent with its Rule 15c2-12. Currently, the following is the website address for EMMA: emma.msrb.org.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, located at:

1150 18th Street, NW, Suite 400
Washington, D.C. 20036-3816
Phone: (202) 223-9347
Fax: (202) 872-0347
Internet: www.msrb.org

“Official Statement” shall mean the Official Statement prepared in connection with the sale of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the United States Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Tax-Exempt Status” shall mean that interest on the Series 2010A Bonds is excluded from gross income for federal income tax purposes, whether or not such item is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

- (a) The School District shall, not later than December 1 of each year, commencing December 1, 2010, provide to the MSRB in an electronic format as prescribed by the MSRB an Annual Report for the fiscal year of the School District ended June 30 of such year, which Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Certificate. The School District shall furnish an Annual Report to any person requesting the same. Requests for Annual Reports shall be made to: Michael Barnhart, Treasurer, Findlay City School District, 1219 West Main Cross, Findlay, Ohio 45840, Telephone: 419-425-8237.
- (b) If the School District fails to provide an Annual Report to the MSRB by the date set forth in subsection (a) of this Section 3, the School District shall send in a timely manner to the MSRB notice of such failure, which shall include a statement as to the date by which the School District anticipates that the Annual Report will be provided to the MSRB.

Section 4. Contents of the Annual Report.

- (a) The Annual Report shall contain or incorporate by reference the following:
 - (1) Basic Financial Statements of the School District.
 - (2) Five-Year Projection of the School District.
 - (3) Fiscal year data for the table entitled “School District History of Voted Taxes” contained in the Official Statement under the caption “SCHOOL DISTRICT PROPERTY TAX BASE – School District History of Voted Taxes.”
 - (4) Fiscal year data for the table entitled “School District Tax Collections” contained in the Official Statement under the caption “SCHOOL DISTRICT PROPERTY TAX BASE – School District Tax Rates and Collections.”

All or any of the items listed above may be included by specific reference from other documents which have previously been provided to the MSRB or to the Securities and Exchange Commission. If the document is a final official statement, it must be available from the MSRB. If this School District prepares a

Comprehensive Annual Financial Report (“CAFR”) that includes each of the items listed above, the School District may designate the CAFR as the Annual Report.

- (b) The Basic Financial Statements of the School District to be included in the Annual Report shall be initially prepared in accordance with generally accepted accounting principles and shall be accompanied by a report of the State Auditor, or, if applicable, the independent certified public accountants who audited the financial statements; provided, however, if such report is not available to the School District at the time of providing the Annual Report to the MSRB as provided in Section 3 of this Disclosure Certificate, the School District will provide such report to the MSRB as provided in Section 3 of this Disclosure Certificate as soon as it is available.

Section 5. Reporting of Significant Events. The School District shall provide in a timely manner to the MSRB notice of any of the following events with respect to the Bonds, if material:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions or events affecting the Tax-Exempt Status of the Series 2010A Bonds;
- (g) Modifications to rights of holders of the Bonds;
- (h) Calls for redemption of the Bonds, other than calls pursuant to the mandatory sinking fund provisions of the Bonds, if any;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds; and
- (k) Rating changes.

Section 6. Means of Reporting Information. The School District shall provide information to the MSRB’s EMMA disclosure service as prescribed by the MSRB. As of the date hereof, submissions must be by electronic submission in an electronic portable document format (“PDF”) that shall have a word-search function permitting a user to search the document.

The School District is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the School District and the MSRB.

Section 7. Termination of Reporting Obligation. The School District’s obligation under this Disclosure Certificate shall terminate upon the defeasance, redemption or payment in full of all of the Bonds.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the School District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the School District has received an

opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information (using the means of dissemination set forth in this Disclosure Certificate or any other means of communication) or including any other information in any Annual Report or providing notice of occurrence of events, in addition to that which is required by this Disclosure Certificate. If the School District chooses to include any information in an Annual Report or provide notice of occurrence of events which are not Listed Events in addition to that which is specifically required by this Disclosure Certificate, the School District shall have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default; Remedies. Failure of the School District to perform any of its undertakings contained in this Disclosure Certificate shall not constitute an event of default with respect to the Bonds. The exclusive remedy for any such failure shall be enforcement of the School District's obligations to so perform by actions or proceedings taken in accordance with Revised Code Section 133.25(B)(4)(b) or Section 133.25(C)(1).

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriter and the holders of the Bonds, and shall create no rights in any other person or entity.

Date: February 4, 2010

FINDLAY CITY SCHOOL DISTRICT
HANCOCK COUNTY, OHIO

By: _____

Title: Treasurer, Board of Education

