



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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EASTERN LOCAL SCHOOL DISTRICT  
PIKE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

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One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920  
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319  
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

[www.bhmcpgroup.com](http://www.bhmcpgroup.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Education  
Eastern Local School District  
1170 Tile Mill Road  
Beaver, Ohio 45613

We have reviewed the *Independent Auditor's Report* of the Eastern Local School District, Pike County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2020 through June 30, 2021. 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 Eastern Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 21, 2022

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**Eastern Local School District**  
**Pike County**  
For the Year Ended June 30, 2021  
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**Pike County**  
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**INDEPENDENT AUDITOR'S REPORT**

Eastern Local School District  
Pike County  
1170 Tile Mill Road  
Beaver, Ohio 45613

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eastern Local School District, Pike County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Eastern Local School District, Pike County, Ohio, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 24 to the financial statements, during 2021 the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. We did not modify our opinion regarding this matter.

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the ensuing measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

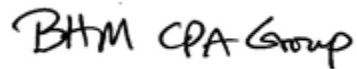
The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat slanted to the right.

BHM CPA Group, Inc.  
Piketon, Ohio  
December 23, 2021

**Eastern Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

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The discussion and analysis of the Eastern Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

- In total, net position of governmental activities decreased \$1,350,032 from the prior fiscal year.
- General revenues accounted for \$11,376,516 while program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$4,383,333. Total revenues for the District were \$15,759,849.
- The District had \$17,109,881 in expenses related to governmental activities; only \$4,383,333 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily grants and entitlements and property taxes) and beginning net position were adequate enough to provide for these programs.

**Using this Basic Financial Statements**

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

The statement of net position and the 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 major funds with all other nonmajor funds presented in total in one column.

**Reporting the District as a Whole**

One of the most important questions asked about the District is "How did we do financially during fiscal year 2021?" The statement of net position and the statement of activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

In the statement of net position and the statement of activities, the District has only one kind of activity:

**Eastern Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

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Governmental activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, extracurricular activities, and food service operations.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's major funds. The major fund of the District 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 fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

*Proprietary Funds* – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise funds. The internal service fund is used to account for the financing services provided by one department or agency to other departments or agencies of the District on a cost-reimbursement basis. The District's only internal service fund accounts for the self-insurance program for employee dental claims and the administration of a health reimbursement arrangement.

*Fiduciary Funds* – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. The School District's only fiduciary fund is a private purpose trust fund used to account for scholarship activity. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. Fiduciary funds use the accrual basis of accounting.

### **The District as a Whole**

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for fiscal years 2021 and 2020:

**Eastern Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

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Table 1  
Net Position

	2021	2020*
Assets:		
Current and Other Assets	\$11,222,223	\$11,086,874
Capital Assets, Net	12,417,505	12,869,362
Total Assets	23,639,728	23,956,236
 Deferred Outflows of Resources	 3,803,002	 4,169,453
Liabilities:		
Current and Other Liabilities	1,660,278	1,612,456
Long-Term Liabilities	16,339,993	15,268,122
Total Liabilities	18,000,271	16,880,578
 Deferred Inflows of Resources	 3,197,268	 3,649,888
Net Position:		
Net Investment in Capital Assets	12,290,851	12,566,141
Restricted	539,464	574,667
Unrestricted (Deficit)	(6,584,124)	(5,545,585)
Total Net Position	\$6,245,191	\$7,595,223

\*As restated. See note 24 of the notes to the basic financial statements for additional information.

Current and other assets increased from the prior fiscal year. This was primarily due to an increase in cash and cash equivalents, property taxes receivable and net OPEB asset. Capital assets, net decreased compared to the prior fiscal year. This resulted from current year depreciation in excess of additions. Deferred outflows of resources decreased due to a decrease in amounts related to the District's proportionate share of the state-wide net pension and OPEB liabilities (assets). Current and other liabilities increased slightly. This is due to a decrease in intergovernmental payable, which was partially offset by an increase in accounts payable. Long-term liabilities increased due primarily to an increase in net pension liability. Deferred inflows of resources decreased due to decreases in amounts related to the District's proportionate share of the state-wide net pension and OPEB liabilities (assets).

Table 2 shows the highlights of the District's revenues and expenses. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

Revenue is divided into two major components: Program revenues and general revenues. Program revenues are defined as charges for services and sales and restricted operating grants, capital grants, contributions, and interest. General revenues include taxes and unrestricted grants, such as State foundation support, gifts and donations, investment earnings, and miscellaneous.

Table 2 provides a summary of the District's change in net position for fiscal years 2021 and 2020:

**Eastern Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

Table 2  
Change in Net Position

	2021	2020
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,283,487	\$1,294,559
Operating Grants and Contributions	3,099,846	2,573,106
Total Program Revenues	4,383,333	3,867,665
General Revenues:		
Property Taxes	1,553,063	1,417,421
Grants and Entitlements Not Restricted to Specific Programs	9,577,249	9,656,558
Investment Earnings	35,715	36,582
Miscellaneous	210,489	29,971
Total General Revenues	11,376,516	11,140,532
Total Revenues	15,759,849	15,008,197
Program Expenses:		
Instruction:		
Regular	7,375,392	6,858,713
Special	2,706,129	2,554,366
Vocational	345,637	384,269
Student Intervention Services	34,978	39,425
Other	1,031,369	1,146,182
Support Services:		
Pupils	723,405	677,114
Instructional Staff	211,110	210,519
Board of Education	27,714	29,859
Administration	1,063,198	1,054,133
Fiscal	346,366	341,298
Operation and Maintenance of Plant	1,227,676	1,001,779
Pupil Transportation	1,139,850	1,261,145
Central	32,965	26,361
Operation of Non-Instructional Services	500,994	558,242
Extracurricular Activities	331,762	309,320
Debt Service:		
Interest and Fiscal Charges	11,336	11,617
Total Expenses	17,109,881	16,464,342
Change in Net Position	(1,350,032)	(1,456,145)
Net Position at Beginning of Year - Restated	7,595,223	N/A
Net Position at End of Year	\$6,245,191	\$7,595,223

Grants and entitlements not restricted to specific programs made up 61 percent of total revenues for governmental activities of the District for fiscal year 2021. Property taxes made up 10 percent of total revenues for governmental activities for a total of 71 percent of total revenues coming from property taxes and grants and entitlements not restricted to specific programs.

**Eastern Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

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Instruction comprises 67 percent of governmental program expenses, with regular instruction and special instruction comprising 43 percent and 16 percent, respectively, of program expenses. Support services expenses make up 28 percent of governmental program expenses.

The statement of activities shows the cost of program services and the charges for services and sales, grants, contributions and interest offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Net costs are costs that must be covered by unrestricted state aid (state foundation) or local taxes. The difference in these two columns would represent charges for services and sales, restricted grants, donations and restricted interest.

Table 3

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instruction	\$11,493,505	\$8,678,936	\$10,982,955	\$8,484,956
Support Services	4,772,284	3,726,824	4,602,208	3,843,615
Operation of Non-Instructional Services	500,994	62,326	558,242	33,303
Extracurricular Activities	331,762	247,126	309,320	223,186
Interest and Fiscal Charges	11,336	11,336	11,617	11,617
<b>Total Expenses</b>	<b>\$17,109,881</b>	<b>\$12,726,548</b>	<b>\$16,464,342</b>	<b>\$12,596,677</b>

**The District's Funds**

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$15,741,714 and total expenditures and other financing uses of \$15,787,932.

The general fund balance increased \$251,035, due to revenues in excess of expenditures, which resulted from an increase in miscellaneous revenue.

**General Fund - Budget 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. During the course of fiscal year 2021, the District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. The most significant budgeted fund is the general fund.

For the general fund, original budgeted revenues were \$13,007,789 and final budgeted revenues were \$13,869,497. This represents an increase in estimated revenues of \$861,708, which was due primarily to an increase in expected intergovernmental and miscellaneous revenues. Original and final budgeted expenditures and other financing uses and were \$14,312,242.

The District's ending unobligated cash balance was \$216,507 below the final budgeted amount in the general fund.

**Eastern Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

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**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2021, the District had \$12,417,505 invested in capital assets (net of accumulated depreciation). Additions to capital assets primarily consisted of various land and building improvements, furniture, fixtures, and equipment, and vehicles. For more information on capital assets, refer to note 8 in the notes to the basic financial statements.

***Debt***

At June 30, 2021, the District had \$126,654 in outstanding energy conservation improvement bonds. The District's school improvement refunding bonds and long-term capital lease were paid in full during the current fiscal year.

The District's overall legal debt margin was \$7,187,546 with an unvoted debt margin of \$79,791 at June 30, 2021.

For more information on debt, refer to note 13 in the notes to the basic financial statements.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional information contact Nathan Webb, Treasurer, 1170 Tile Mill Road, Beaver, Ohio 45613 or e-mail at [nathan.webb@easternpike.com](mailto:nathan.webb@easternpike.com).

**Eastern Local School District**  
*Statement of Net Position*  
*As of June 30, 2021*

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$8,386,610
Cash and Cash Equivalents in Segregated Accounts	1,150
Cash and Cash Equivalents with Fiscal Agents	567
Intergovernmental Receivable	339,521
Property Taxes Receivable	1,731,168
Net OPEB Asset	763,207
Non-Depreciable Capital Assets, net	139,610
Depreciable Capital Assets, net	12,277,895
<i>Total Assets</i>	23,639,728
<b>Deferred Outflows of Resources:</b>	
Pension	3,084,733
OPEB	718,269
<i>Total Deferred Outflows of Resources</i>	3,803,002
<b>Liabilities:</b>	
Accounts Payable	134,939
Accrued Wages and Benefits	1,284,932
Intergovernmental Payable	231,738
Accrued Interest Payable	2,368
Claims Payable	6,301
Long-Term Liabilities:	
Due Within One Year	136,991
Due in More Than One Year	945,325
Net Pension Liability	14,094,912
Net OPEB Liability	1,162,765
<i>Total Liabilities</i>	18,000,271
<b>Deferred Inflows of Resources:</b>	
Property Taxes not Levied to Finance Current Year Operations	1,287,577
Pension	227,273
OPEB	1,682,418
<i>Total Deferred Inflows of Resources</i>	3,197,268
<b>Net Position:</b>	
Net Investment in Capital Assets	12,290,851
Restricted for Debt Service	6,380
Restricted for Other Purposes	533,084
Unrestricted (Deficit)	(6,585,124)
<i>Total Net Position</i>	\$6,245,191

The notes to the basic financial statements are an integral part of this statement



**Eastern Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$7,375,392	\$490,305	\$861,884	(\$6,023,203)
Special	2,706,129	205,461	978,091	(1,522,577)
Vocational	345,637	27,671	137,290	(180,676)
Student Intervention Services	34,978	1,834	12,272	(20,872)
Other	1,031,369	99,761	0	(931,608)
Support Services:				
Pupils	723,405	31,223	427,086	(265,096)
Instructional Staff	211,110	18,879	72,695	(119,536)
Board of Education	27,714	2,617	0	(25,097)
Administration	1,063,198	87,649	61,359	(914,190)
Fiscal	346,366	31,517	870	(313,979)
Operation and Maintenance of Plant	1,227,676	104,437	43,905	(1,079,334)
Pupil Transportation	1,139,850	93,366	8,995	(1,037,489)
Central	32,965	481	60,381	27,897
Operation of Non-Instructional Services	500,994	4,186	434,482	(62,326)
Extracurricular Activities	331,762	84,100	536	(247,126)
Interest and Fiscal Charges	11,336	0	0	(11,336)
<i>Total Governmental Activities</i>	<u>\$17,109,881</u>	<u>\$1,283,487</u>	<u>\$3,099,846</u>	(12,726,548)

**General Revenues:**

Property Taxes Levied for:	
General Purposes	1,542,649
Debt Service	1,444
Classroom Facilities Maintenance	8,970
Grants and Entitlements not	
Restricted for Specific Programs	9,577,249
Investment Earnings	35,715
Miscellaneous	210,489
<i>Total General Revenues</i>	<u>11,376,516</u>
<i>Change in Net Position</i>	(1,350,032)
<i>Net Position Beginning of Year - Restated</i>	<u>7,595,223</u>
<i>Net Position End of Year</i>	<u>\$6,245,191</u>

The notes to the basic financial statements are an integral part of this statement

**Eastern Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*As of June 30, 2021*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,452,262	\$434,435	\$7,886,697
Cash and Cash Equivalents in Segregated Accounts	0	1,150	1,150
Cash and Cash Equivalents with Fiscal Agents	0	567	567
Interfund Receivable	312,052	0	312,052
Intergovernmental Receivable	0	339,521	339,521
Property Taxes Receivable	1,712,233	18,935	1,731,168
<i>Total Assets</i>	<u>\$9,476,547</u>	<u>\$794,608</u>	<u>\$10,271,155</u>
<b>Liabilities:</b>			
Accounts Payable	\$127,844	\$7,095	\$134,939
Accrued Wages and Benefits	1,097,126	187,806	1,284,932
Interfund Payable	0	312,052	312,052
Intergovernmental Payable	201,004	30,734	231,738
<i>Total Liabilities</i>	1,425,974	537,687	1,963,661
<b>Deferred Inflows of Resources:</b>			
Property Taxes not Levied to Finance Current Year Operations	1,268,642	18,935	1,287,577
Unavailable Revenue	375,222	214,310	589,532
<i>Deferred Inflows of Resources</i>	1,643,864	233,245	1,877,109
<b>Fund Balances:</b>			
Restricted	0	381,810	381,810
Committed	557,715	0	557,715
Assigned	966,634	0	966,634
Unassigned (Deficit)	4,882,360	(358,134)	4,524,226
<i>Total Fund Balances</i>	<u>6,406,709</u>	<u>23,676</u>	<u>6,430,385</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$9,476,547</u>	<u>\$794,608</u>	<u>\$10,271,155</u>

The notes to the basic financial statements are an integral part of this statement.

**Eastern Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 As of June 30, 2021*

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**Total Governmental Fund Balances** \$6,430,385

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 12,417,505

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Intergovernmental	375,222	
Taxes	214,310	
Total	589,532	589,532

The internal service fund is used by management to charge the costs of deductible reimbursements to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 493,612

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (2,368)

The net pension and OPEB liabilities (assets) are not due and payable in the current period. Therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	3,084,733	
Deferred Outflows-OPEB	718,269	
Deferred Inflows-Pension	(227,273)	
Deferred Inflows-OPEB	(1,682,418)	
Net Pension Liability	(14,094,912)	
Net OPEB Asset	763,207	
Net OPEB Liability	(1,162,765)	
Total		(12,601,159)

Long-term liabilities, including bonds and related liabilities and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Energy Conservation Improvement Bonds	(126,654)	
Compensated Absences	(955,662)	
Total		(1,082,316)

**Net Position of Governmental Activities** \$6,245,191

The notes to the basic financial statements are an integral part of this statement

**Eastern Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$1,437,618	\$15,388	\$1,453,006
Intergovernmental	10,281,010	2,470,151	12,751,161
Interest	35,715	665	36,380
Tuition and Fees	1,194,117	0	1,194,117
Rent	4,050	0	4,050
Extracurricular Activities	9,656	63,778	73,434
Gifts and Donations	1,391	300	1,691
Customer Sales and Services	7,140	4,746	11,886
Miscellaneous	205,737	4,752	210,489
<i>Total Revenues</i>	13,176,434	2,559,780	15,736,214
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	4,975,035	991,412	5,966,447
Special	2,129,563	414,282	2,543,845
Vocational	282,033	27,733	309,766
Student Intervention Services	18,757	16,221	34,978
Other	1,020,510	0	1,020,510
Support Services:			
Pupils	174,177	477,209	651,386
Instructional Staff	191,507	5,122	196,629
Board of Education	26,768	0	26,768
Administration	892,294	68,856	961,150
Fiscal	318,620	2,313	320,933
Operation and Maintenance of Plant	1,071,979	77,931	1,149,910
Pupil Transportation	968,180	14,475	982,655
Central	4,922	28,043	32,965
Operation of Non-Instructional Services	0	471,719	471,719
Extracurricular Activities	192,895	81,754	274,649
Capital Outlay	560,524	88,895	649,419
Debt Service:			
Principal	81,567	95,000	176,567
Interest	10,568	1,568	12,136
<i>Total Expenditures</i>	12,919,899	2,862,533	15,782,432
<i>Excess of Revenues Over (Under) Expenditures</i>	256,535	(302,753)	(46,218)
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	5,500	5,500
Transfers Out	(5,500)	0	(5,500)
<i>Total Other Financing Sources (Uses)</i>	(5,500)	5,500	0
<i>Net Change in Fund Balances</i>	251,035	(297,253)	(46,218)
<i>Fund Balances at Beginning of Year - Restated</i>	6,155,674	320,929	6,476,603
<i>Fund Balances at End of Year</i>	\$6,406,709	\$23,676	\$6,430,385

The notes to the basic financial statements are an integral part of this statement.

**Eastern Local School District**  
*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, 2021*

**Net Change in Fund Balances - Total Governmental Funds** (\$46,218)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.

Capital Asset Additions	649,419	
Current Year Depreciation	(1,101,276)	
<b>Total</b>	<b>(451,857)</b>	<b>(451,857)</b>

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

Intergovernmental	(76,422)	
Taxes	100,057	
<b>Total</b>	<b>23,635</b>	<b>23,635</b>

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 128,126

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

Pension	1,075,358	
OPEB	38,218	
<b>Total</b>	<b>1,113,576</b>	<b>1,113,576</b>

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

Pension	(2,228,329)	
OPEB	(53,474)	
<b>Total</b>	<b>(2,281,803)</b>	<b>(2,281,803)</b>

Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position. In the current fiscal year, these amounts consist of:

Bond Principal Retirement	124,074	
Capital Lease Payments	52,493	
<b>Total</b>	<b>176,567</b>	<b>176,567</b>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in Compensated Absences	(12,858)	
Decrease in Accrued Interest	800	
<b>Total</b>	<b>(12,058)</b>	<b>(12,058)</b>

**Net Change in Net Position of Governmental Activities** (\$1,350,032)

The notes to the basic financial statements are an integral part of this statement

**Eastern Local School District**  
*Statement of Revenues, Expenditures and Change  
in Fund Balance - Budget and Actual (Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$1,370,000	\$1,370,000	\$1,411,074	\$41,074
Intergovernmental	10,370,239	11,173,734	10,294,614	(879,120)
Interest	75,000	75,000	35,715	(39,285)
Tuition and Fees	1,143,500	1,143,500	1,194,117	50,617
Rent	4,050	4,050	4,050	0
Miscellaneous	45,000	103,213	205,737	102,524
<i>Total Revenues</i>	<u>13,007,789</u>	<u>13,869,497</u>	<u>13,145,307</u>	<u>(724,190)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	5,242,656	5,083,318	5,080,791	2,527
Special	2,083,444	2,088,385	2,163,526	(75,141)
Vocational	542,643	525,473	306,162	219,311
Student Intervention Services	21,889	21,979	18,757	3,222
Other	1,143,960	1,092,016	1,028,751	63,265
Support Services:				
Pupils	512,156	512,635	168,544	344,091
Instructional Staff	198,808	199,097	194,558	4,539
Board of Education	36,109	36,109	35,876	233
Administration	872,611	876,111	917,979	(41,868)
Fiscal	389,345	389,345	345,226	44,119
Operation and Maintenance of Plant	1,050,938	1,066,807	1,091,196	(24,389)
Pupil Transportation	1,126,570	1,069,005	1,241,289	(172,284)
Central	13,899	13,899	5,225	8,674
Extracurricular Activities	204,918	204,918	190,895	14,023
Capital Outlay	829,296	1,090,145	976,168	113,977
Debt Service:				
Principal	28,000	29,710	29,074	636
Interest	7,000	5,290	5,042	248
<i>Total Expenditures</i>	<u>14,304,242</u>	<u>14,304,242</u>	<u>13,799,059</u>	<u>505,183</u>
<i>Excess of Revenues Under Expenditures</i>	(1,296,453)	(434,745)	(653,752)	(219,007)
<b>Other Financing Uses:</b>				
Transfers Out	0	0	(5,500)	(5,500)
Advances Out	(8,000)	(8,000)	0	8,000
<i>Total Other Financing Uses</i>	<u>(8,000)</u>	<u>(8,000)</u>	<u>(5,500)</u>	<u>2,500</u>
<i>Net Change in Fund Balance</i>	(1,304,453)	(442,745)	(659,252)	(216,507)
<i>Fund Balance at Beginning of Year</i>	6,957,850	6,957,850	6,957,850	0
<i>Prior Year Encumbrances Appropriated</i>	<u>498,979</u>	<u>498,979</u>	<u>498,979</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$6,152,376</u></u>	<u><u>\$7,014,084</u></u>	<u><u>\$6,797,577</u></u>	<u><u>(\$216,507)</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Eastern Local School District**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*As of June 30, 2021*

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	Governmental Activities
	Internal Service
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$499,913
<i>Total Assets</i>	499,913
<b>Liabilities:</b>	
Claims Payable	6,301
<i>Total Liabilities</i>	6,301
<b>Net Position:</b>	
Unrestricted	493,612
<i>Total Net Position</i>	\$493,612

The notes to the basic financial statements are an integral part of this statement.

**Eastern Local School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2021*

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	Governmental Activities
	Internal Service
<b>Operating Revenues:</b>	
Charges for Services	\$559,397
<i>Total Operating Revenues</i>	559,397
<b>Operating Expenses:</b>	
Purchased Services	19,162
Claims	411,845
Other	264
<i>Total Operating Expenses</i>	431,271
<i>Change in Net Position</i>	128,126
<i>Net Position Beginning of Year</i>	365,486
<i>Net Position End of Year</i>	\$493,612

The notes to the basic financial statements are an integral part of this statement.



**Eastern Local School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2021

	Governmental Activities
	Internal Service
<b>Increase in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities:</b>	
Charges for Services	\$559,397
Purchased Services	(19,162)
Claims	(411,995)
Other Payments	(264)
<i>Net Cash Flows Provided by Operating Activities</i>	127,976
<i>Net Increase in Cash and Cash Equivalents</i>	127,976
<i>Cash and Cash Equivalents at Beginning of Year</i>	371,937
<i>Cash and Cash Equivalents at End of Year</i>	\$499,913
<b>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:</b>	
Change in Net Position	\$128,126
<i>Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities</i>	
Decrease in Claims Payable	(150)
<i>Net Cash Provided by Operating Activities</i>	\$127,976

The notes to the basic financial statements are an integral part of this statement.

**Eastern Local School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Fund*  
*As of June 30, 2021*

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	Private Purpose Trust Fund
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$14,181</u>
<i>Total Assets</i>	<u><u>\$14,181</u></u>
<b>Net Position:</b>	
Unrestricted	
Restricted for Scholarships	<u>\$14,181</u>
<i>Total Net Position</i>	<u><u>\$14,181</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Eastern Local School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2021*

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	<u>Private Purpose Trust Fund</u>
<b>Additions:</b>	
Interest	<u>\$91</u>
<i>Total Additions</i>	<u>91</u>
<i>Change in Net Position</i>	91
<i>Net Position Beginning of Year - Restated</i>	<u>14,090</u>
<i>Net Position End of Year</i>	<u><u>\$14,181</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 1 – Description of the District and Reporting Entity**

Eastern Local School District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines. The District was established in 1960 through the consolidation of existing land areas and school districts. The District serves an area of approximately 85 square miles. It is located in Pike County, and includes all of the Villages of Beaver and Stockdale and portions of Marion, Union, and East Jackson Townships in Pike County, Madison Township in Scioto County and Liberty Township in Jackson County. It is staffed by 49 noncertificated employees, 65 certificated full-time teaching personnel, and 12 administrators who provide services to 814 students and other community members. The District currently operates one instructional building which houses grades Kindergarten through 12.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Eastern Local School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District does not have any component units.

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

- Village of Beaver
- Ross-Pike County Educational Service District

The District participates in two organizations, one of which is defined as a jointly governed organization and one as a group purchasing pool. These organizations are Metropolitan Educational Technology Association and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

**Note 2 – Summary of Significant Accounting Policies**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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 more significant of the District's accounting policies are described below.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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*Government-wide Financial Statements*

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The government-wide statements usually distinguish between those activities of the District that are governmental and those that are considered business-type activities. However, the District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function 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; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements*

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating revenues generally result from exchange transactions such as charges for services directly relating to the fund’s principal services. Operating expenses include costs of sales and services and administrative costs. The fund statements report all other revenues and expenses as nonoperating.

Fund Accounting

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

*Governmental Funds*

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

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

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Nonmajor governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

*Proprietary Fund*

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The District reports the following proprietary fund:

*Internal Service Fund* - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund accounts for the self-insurance program for employee dental claims and the administration of a health reimbursement arrangement.

*Fiduciary Funds*

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

Measurement Focus

*Government-wide Financial Statements*

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

*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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fiduciary funds are reported using the flow of economic resources measurement focus.

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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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 and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows of resources, and in the presentation of expenses versus expenditures.

*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. "Measurable" means that the amount of the transaction can be determined, and "available" means that the resources are collectible 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 60 days of fiscal year-end.

Non-exchange 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 5). 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 fiscal 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 non-exchange 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 for advance and grants.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports in the government-wide statement of net position deferred outflows of resources for amounts related to pensions and other postemployment benefits. Amounts related to pensions will be further discussed in notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for property taxes, unavailable revenue, pensions, and other postemployment benefits. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental funds balance sheet. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Amounts related to pensions and other postemployment benefits will be further discussed in notes 9 and 10.

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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 the governmental funds.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on disbursements plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education as the fund level; however, the District has chosen to report their budgetary financial statement for the general fund at the function level.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made before the end of the prior fiscal year. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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

Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2021 amounted to \$35,715. \$665 was recorded in the food service nonmajor special revenue fund, and \$91 was recorded in the scholarships private purpose trust fund.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted 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. The District did not have restricted assets as of June 30, 2021.



**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Capital Assets

All capital assets of the District are general capital assets that are associated with governmental activities. General capital assets usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. 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 and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	8 years
Textbooks	6 - 15 years

Interfund Balances

On the fund financial statements, outstanding interfund loans are reported as "interfund receivable/payable". Interfund balances between governmental activities are eliminated in the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees will be paid. The District reported no matured compensated absences payable at June 30, 2021.

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

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences and net pension and OPEB liabilities 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 in the current fiscal year. Bonds and capital leases that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

Fund Balance

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

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a District official delegated that authority by resolution or by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is 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. Net position restricted for other purposes includes federal and State grants restricted to expenditures for specified purposes.

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

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary fund. Transfers within the governmental activities are eliminated on the government-wide financial statements.

Estimates

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

Pensions/OPEB

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

**Note 3 – Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations, and changes in fund balances 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, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget and actual (budgetary basis) is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
4. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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5. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under general accepted accounting principles and were reported with the general fund (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$251,035
Adjustments:	
Revenue Accruals	(11,940)
Expenditure Accruals	23,608
Encumbrances	(922,989)
Perspective Differences	1,034
Budget Basis	(\$659,252)

**Note 4 – Deposits and Investments**

Monies held by the District are classified by State statute into three categories. Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active 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 bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer’s investment pool (STAR Ohio).

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Deposits* – The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

As of June 30, 2021, the District's bank balance of \$8,675,543 is either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

**Note 5 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the District's 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 and public utility property located in the District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 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 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected in calendar year 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Pike 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, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2021 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 reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows - property taxes.

The amount available as an advance at June 30, 2021 is \$68,369 in the general fund.

On an 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 inflows of resources – unavailable revenue.

The assessed values upon which fiscal year 2021 taxes were collected are:

	2020 Second-Half Collections		2021 First-Half Collections	
	Amount	Percent	Amount	Percent
Agriculture/Residential And Other Real Estate	\$67,123,560	87.40%	\$69,115,130	86.62%
Public Utility	9,672,640	12.60%	10,675,600	13.38%
<b>Total Assessed Value</b>	<b>\$76,796,200</b>	<b>100.00%</b>	<b>\$79,790,730</b>	<b>100.00%</b>
Tax Rate per \$1,000 of Assessed valuation	\$23.13		\$22.50	

**Note 6 – Risk Management**

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the District contracted with Wright Specialty Insurance Agency, LLC for property, fleet, and professional liability insurance coverage. Coverages provided are as follows:

Building and Contents (\$2,500 deductible)	\$43,559,858
Boiler and Machinery (\$2,500 deductible)	43,559,858
Personal Property (\$2,500 deductible)	4,570,698
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000

During fiscal year 2021, the District contracted with Cincinnati Insurance Company for the Treasurer’s public officials bond in the amount of \$50,000. Other officials are covered by a blanket bond provided by Argonaut Insurance Company.

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

Workers’ Compensation

For fiscal year 2021, the District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Plan (GRP), a group purchasing pool (note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the “equity pooling fund”. This equity pooling arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

Self-Insurance

The District is self-insured for employee dental insurance. The self-insurance fund pays covered claims to service providers. Interfund rates are charged based on claims approved by the claims administrator. The claims liability of \$6,301 reported in the internal service fund at June 30, 2021, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes to the internal service fund’s claims liability amounts in the past two fiscal years follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claim Payments	Balance at End of Fiscal Year
2021	\$6,451	\$411,845	\$411,995	\$6,301
2020	6,696	432,220	432,465	6,451

**Note 7 – Receivables**

Receivables at June 30, 2021, consisted of property taxes, intergovernmental grants and interfund. 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 fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. The intergovernmental receivables are as follows:

<i>Nonmajor Funds:</i>	
Broadband Ohio	\$53
CRF Rural and Small Town	73
Title I School Improvement	41,575
Title I	141,868
Expanding Opportunities	7,745
IDEA B Special Education	76,888
6b IDEA Restoration	59
IDEA Early Childhood	4,620
Title II-A	51,990
Miscellaneous Federal Grants	14,650
Total Nonmajor Funds	339,521
Total All Funds	\$339,521

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

**Note 8 – Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2021, was as follows:

	Ending Balance 6/30/20	Additions	Deletions	Ending Balance 6/30/21
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$120,410	\$0	\$0	\$120,410
Construction in Progress	0	19,200	0	19,200
Total Capital Assets Not Being Depreciated	120,410	19,200	0	139,610
Capital Assets Being Depreciated				
Land Improvements	2,373,528	209,137	0	2,582,665
Buildings and Improvements	24,703,768	324,423	0	25,028,191
Furniture, Fixtures, and Equipment	1,297,333	9,942	0	1,307,275
Vehicles	1,487,165	86,717	0	1,573,882
Textbooks	522,523	0	0	522,523
Total Capital Assets Being Depreciated	30,384,317	630,219	0	31,014,536
Less Accumulated Depreciation				
Land Improvements	(1,403,723)	(123,905)	0	(1,527,628)
Buildings and Improvements	(13,861,920)	(790,874)	0	(14,652,794)
Furniture, Fixtures, and Equipment	(778,498)	(94,264)	0	(872,762)
Vehicles	(1,068,701)	(92,233)	0	(1,160,934)
Textbooks	(522,523)	0	0	(522,523)
Total Accumulated Depreciation	(17,635,365)	(1,101,276)	0	(18,736,641)
Total Capital Assets Being Depreciated, Net	12,748,952	(471,057)	0	12,277,895
Governmental Activities Capital Assets, Net	\$12,869,362	(\$451,857)	0	\$12,417,505

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$949,848
Vocational	3,658
<i>Support Services:</i>	
Administration	5,645
Operation and Maintenance of Plant	10,195
Pupil Transportation	97,716
Operation of Non-Instructional Services	3,563
Extracurricular Activities	30,651
Total Depreciation Expense	<u>\$1,101,276</u>

**Note 9 – Defined Benefit Pension Plans**

The State-wide retirement systems provide both pension benefits and other postemployment benefits (OPEB).



**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Net Pension Liability/Net OPEB Liability

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See note 10 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – District nonteaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Age and service requirements for retirement are as follows:

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
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	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost of living adjustment for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District’s contractually required contributions to SERS were \$298,698 for fiscal year 2021. Of this amount, \$19,636 was reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://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. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change.

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Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate was 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The District's contractually required contributions to STRS were \$776,660 for fiscal year 2021. Of this amount, \$146,484 was reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Current Measurement Date	0.05423800%	0.04342579%	
Proportion of the Net Pension Liability Prior Measurement Date	<u>0.05247380%</u>	<u>0.04336543%</u>	
Change in Proportionate Share	<u>0.00176420%</u>	<u>0.00006036%</u>	
Proportionate Share of the Net Pension Liability	\$3,587,416	\$10,507,496	\$14,094,912
Pension Expense	\$489,946	\$1,738,383	\$2,228,329

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$6,967	\$23,573	\$30,540
Net difference between projected and actual earnings on pension plan investments	227,729	510,980	738,709
Changes of assumptions	0	564,049	564,049
Changes in proportion and differences between District contributions and proportionate share of contributions	63,989	612,088	676,077
District contributions subsequent to the measurement date	<u>298,698</u>	<u>776,660</u>	<u>1,075,358</u>
Total Deferred Outflows of Resources	<u>\$597,383</u>	<u>\$2,487,350</u>	<u>\$3,084,733</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$67,187	\$67,187
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>77,642</u>	<u>82,444</u>	<u>160,086</u>
Total Deferred Inflows of Resources	<u>\$77,642</u>	<u>\$149,631</u>	<u>\$227,273</u>

\$1,075,358 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$33,252)	\$753,676	\$720,424
2023	88,076	247,735	335,811
2024	94,921	329,550	424,471
2025	71,298	230,098	301,396
Total	<u>\$221,043</u>	<u>\$1,561,059</u>	<u>\$1,782,102</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of

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inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
 Total	 100.00 %	

*Discount Rate* The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$4,914,321	\$3,587,416	\$2,474,116

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, are presented below:

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Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

*Discount Rate* The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$14,960,845	\$10,507,496	\$6,733,654

**Note 10 – Postemployment Benefits**

See note 9 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$38,218.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions to SERS for health care was \$38,218 for fiscal year



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2021. Of this amount, \$38,218 was reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.05350160%	0.04342579%	
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	<u>0.05139570%</u>	<u>0.04336543%</u>	
Change in Proportionate Share	<u>0.00210590%</u>	<u>0.00006036%</u>	
Proportionate Share of the Net			
OPEB Liability	\$1,162,765	\$0	\$1,162,765
Proportionate Share of the Net			
OPEB Asset	\$0	(\$763,207)	(\$763,207)
OPEB Expense	\$43,891	\$9,583	\$53,474

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$15,272	\$48,903	\$64,175
Net difference between projected and actual earnings on OPEB plan investments	13,105	26,747	39,852
Changes of assumptions	198,211	12,598	210,809
Changes in proportionate share and difference between District contributions and proportionate share of contributions	188,170	177,045	365,215
District contributions subsequent to the measurement date	<u>38,218</u>	<u>0</u>	<u>38,218</u>
Total Deferred Outflows of Resources	<u>\$452,976</u>	<u>\$265,293</u>	<u>\$718,269</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$591,347	\$152,020	\$743,367
Changes of assumptions	29,286	724,919	754,205
Changes in proportionate share and difference between District contributions and proportionate share of contributions	<u>184,846</u>	<u>0</u>	<u>184,846</u>
Total Deferred Inflows of Resources	<u>\$805,479</u>	<u>\$876,939</u>	<u>\$1,682,418</u>

\$38,218 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$71,477)	(\$142,119)	(\$213,596)
2023	(293,063)	(124,016)	(417,079)
2024	62,208	(117,667)	(55,459)
2025	(54,680)	(157,365)	(212,045)
2026	(33,709)	(33,616)	(67,325)
Thereafter	<u>0</u>	<u>(36,863)</u>	<u>(36,863)</u>
Total	<u>(\$390,721)</u>	<u>(\$611,646)</u>	<u>(\$1,002,367)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan discussed in note 10.

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*Discount Rate* The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates* The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, and what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the net OPEB liability	\$1,423,195	\$1,162,765	\$955,723
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
District's proportionate share of the net OPEB liability	\$915,589	\$1,162,765	\$1,493,302

Actuarial Assumptions – STRS

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

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Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.5 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on the June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan discussed in note 10.

*Discount Rate* The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

*Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate* The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	(\$664,040)	(\$763,207)	(\$847,347)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	(\$842,125)	(\$763,207)	(\$667,075)

**Note 11 – Employee Benefits**

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators, with the exception of the Superintendent and Treasurer, do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for teachers and administrators and 220 days for classified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit.

Insurance Benefits

The District provides life insurance and accidental death and dismemberment to all employees through Grady Enterprises, Inc. The District provides employee medical/surgical benefits through Medical Mutual of Ohio. Prescription drug benefits are provided through ExpressScripts. The employees share the cost of the monthly premium with the Board. The premium is consistent among single rates and family rates with employees paying 15 percent and the District paying 85 percent.

Deferred Compensation

District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

**Note 12 – Leases – Lessee Disclosure**

In fiscal year 2019, the District entered into a lease agreement for the purchase of computer equipment. Capital assets acquired by lease were initially capitalized in the amount of \$80,568 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2021 totaled \$52,493, which paid the lease in full. Payments were paid from the general fund.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

**Note 13 – Long-Term Obligations**

The changes in the District’s long-term obligations during fiscal year 2021 were as follows:

	Amount Outstanding 6/30/20	Additions	Deductions	Amount Outstanding 6/30/21	Due Within One Year
<i>Governmental Activities</i>					
2010 Energy Conservation Improvement Bonds 3.25%	\$155,728	\$0	(\$29,074)	\$126,654	\$30,019
2011 School Improvement Refunding Bonds – Term 2.00% - 3.30%	95,000	0	(95,000)	0	0
<b>Total Bonds</b>	<b>250,728</b>	<b>0</b>	<b>(124,074)</b>	<b>126,654</b>	<b>30,019</b>
Capital Leases	52,493	0	(52,493)	0	0
Compensated Absences	942,804	497,434	(484,576)	955,662	106,972
Net Pension Liability	12,729,603	1,365,309	0	14,094,912	0
Net OPEB Liability	1,292,494	0	(129,729)	1,162,765	0
<b>Total Governmental Activities Long-Term Obligations</b>	<b>\$15,268,122</b>	<b>\$1,862,743</b>	<b>(\$790,872)</b>	<b>\$16,339,993</b>	<b>\$136,991</b>

*2010 Energy Conservation Improvement Bonds* - On February 16, 2010, the District issued \$400,000 in unvoted energy conservation improvement bonds for the purpose of installations, modifications and remodeling to reduce energy consumption by the District. The bonds were issued for a fifteen year period with a final maturity during fiscal year 2025. The bonds will be retired from the general fund.

*2011 School Improvement Refunding Bonds* - On March 24, 2011, the District issued \$525,000 in voted general obligation refunding bonds for the purpose of refunding a portion of the 1998 School Improvement General Obligations Bonds. The bonds issued included term and capital appreciation bonds in the amounts of \$495,000 and \$30,000, respectively. The capital appreciation bonds matured in fiscal year 2017 in the amount of \$85,000, and the term bonds matured in fiscal year 2021. The term bonds were repaid from the bond retirement fund.

Principal and interest requirements to retire general obligation debt at June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$30,019	\$4,097	\$34,116
2023	30,994	3,121	34,115
2024	32,002	2,114	34,116
2025	33,639	476	34,115
<b>Total</b>	<b>\$126,654</b>	<b>\$9,808</b>	<b>\$136,462</b>

The District's overall legal debt margin was \$7,187,546 with an unvoted debt margin of \$79,791 at June 30, 2021.

**Note 14 – Group Purchasing Pool**

Ohio School Boards Association Workers’ Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Workers’ Compensation Group Rating Plan (GRP), a group purchasing pool. The GRP’s business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 15 – Jointly Governed Organization**

Metropolitan Educational Technology Association (META) Solutions

META Solutions is an educational solutions partner providing services across Ohio. META Solutions provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client’s needs.

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions’ Chief Executive Officer, Chief Operating Officer, an Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member’s degree of control is limited to its representation on the Board. The District paid META Solutions \$127,213 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

**Note 16 – Set-Aside Calculations and Fund Balance Restrictions**

The District is required by state statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2020	\$0
Current year set-aside requirement	155,040
Current year offsets	(17,860)
Qualifying disbursements	<u>(137,180)</u>
Total	<u>\$0</u>
Set-aside balance carried forward to future fiscal years	<u>\$0</u>
Set-aside balance as of June 30, 2021	<u>\$0</u>

The District’s Board additionally committed a portion of fund balance in the general fund for the purpose of capital disbursements. The total amount committed at June 30, 2021 was \$231,010.

**Note 17 – Contingencies**

Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure 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 general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2021, if applicable, cannot be determined at this time.



**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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State Foundation Funding

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

Litigation

At June 30, 2021, the District was not party to legal proceedings.

**Note 18 – Fund Balances**

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
<i>Restricted for</i>			
Capital Maintenance	\$0	\$262,493	\$262,493
Food Service	0	26,041	26,041
Other Purposes	0	3,213	3,213
Extracurricular Activities	0	83,683	83,683
Debt Service	0	6,380	6,380
<i>Total Restricted</i>	0	381,810	381,810
<i>Committed to</i>			
Capital Improvements and Maintenance	231,010	0	231,010
Other Purposes	326,705	0	326,705
<i>Total Committed</i>	557,715	0	557,715
<i>Assigned to</i>			
Public School Support	43,645	0	43,645
Other Purposes	922,989	0	922,989
<i>Total Assigned</i>	966,634	0	966,634
<i>Unassigned (Deficit)</i>	4,882,360	(358,134)	4,524,226
<i>Total Fund Balances</i>	\$6,406,709	\$23,676	\$6,430,385

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 19 – Interfund Activity**

As of June 30, 2021, interfund receivables and payables that resulted from interfund transactions were as follows:

	Receivables	Payables
<i>Major Fund:</i>		
General	\$312,052	\$0
 <i>Nonmajor Funds:</i>		
Tournament Activity	0	406
Early Childhood	0	4,378
OneNet	0	12,526
Student Success and Wellness	0	40,951
ESSER	0	194,233
IDEA-B Special Education	0	17,296
Title I School Improvement	0	1,697
Title I	0	28,749
Title II-A	0	5,268
Miscellaneous Federal Grants	0	6,548
Total Nonmajor Governmental Funds	0	312,052
 Total	\$312,052	\$312,052

General fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are received, the grant fund will use these restricted monies to reimburse the general fund for the initial advance.

Additionally, the District transferred \$5,500 from the general fund to the student activities special revenue fund during the fiscal year to subsidize operations.

**Note 20 – Significant Commitments**

Encumbrances

At June 30, 2021, the District had encumbrance commitments in the governmental funds as follows:

<i>Major Fund</i>	
General	\$926,698
<i>Other Governmental Funds</i>	
Lunchroom	92,513
Classroom Facilities Maintenance	5,047
Student Activities	10,784
Athletics	8,836
Early Childhood	1,262
Miscellaneous State Grants	79
ESSER	694,816
CRF Rural and Small Town Grant	15,032
IDEA-B Special Education	2,778
Title I	11,170
Title II-A	2,966

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Contractual Commitments**

The District had the following significant contractual commitment outstanding at June 30, 2021.

Contractor/Contract	Contract Amount	Amount Paid	Amount Remaining
Carrier Corporation Indoor Air Quality Improvement	\$612,400	\$0	\$612,400

**Note 21 – Accountability**

At June 30, 2021, the District had the following deficit fund balances:

Tournament Activity	\$406
Public School Preschool	4,378
OneNet	12,526
Student Wellness and Success	100,410
ESSER	209,799
Title VI-B	13,218
Title I	15,170
Miscellaneous Federal Grants	2,227

These deficits occurred as a result of spending of grant funds prior to processing requests for reimbursement.

**Note 22 – Subsequent Event**

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school.

**Note 23 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in the amount of \$580,477. Of the amounts received, \$58,413 was received from various townships with the District’s boundaries. Of this amount, \$28,451 was spent by fiscal year-end on furniture and equipment necessary for social distancing purposes and for various supplies. None was subgranted to other governments or organizations, returned to the granting agency, or spent on-behalf of other governments. Additionally, the District did not receive a significant amount of donated personal protective equipment as an on-behalf of grant from another government.

**Note 24 – New Accounting Principles and Restatement of Balances**

For fiscal year 2021, the District implemented GASB Statement No. 84, “Fiduciary Activities” and related guidance from (GASB) Implementation Guide No. 2019-2, “Fiduciary Activities.” GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how

**Eastern Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and determined that certain funds should be reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

**Restatement of Fund Balances and Net Position**

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	Nonmajor Governmental Funds
Fund Balance, As Reported, June 30, 2020	\$255,769
<i>Adjustments:</i>	
GASB 84	
Student Activities	67,412
Scholarship Funds	(1,691)
Tournament Activity	(561)
Fund Balance, As Restated, July 1, 2020	\$320,929

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2020:

	Governmental Activities	Private Purpose Trust Fund
Net Position, As Reported, June 30, 2020	\$7,530,063	\$12,399
<i>Adjustments:</i>		
GASB 84		
Student Activities	67,412	0
Scholarship Funds	(1,691)	1,691
Tournament Activity	(561)	0
Net Position, As Restated, July 1, 2020	\$7,595,223	\$14,090

**Eastern Local School District**  
*Required Supplementary Information*  
*Schedule of the District's Proportionate Share of the Net Pension Liability*  
*Last Eight Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>								
District's proportion of the net pension liability	0.03189137%	0.03189137%	0.03461315%	0.03473024%	0.04044006%	0.04213061%	0.04336543%	0.04342579%
District's proportionate share of the net pension liability	\$9,240,189	\$7,757,085	\$9,566,062	\$11,625,258	\$9,606,623	\$9,263,575	\$9,590,004	\$10,507,496
District's covered-employee payroll	\$3,241,800	\$3,312,346	\$3,565,286	\$3,724,800	\$4,261,629	\$4,171,536	\$5,109,736	\$5,258,843
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	285.0%	234.2%	268.3%	312.1%	225.4%	222.1%	187.7%	199.8%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%
<i>School Employees Retirement System</i>								
District's proportion of the net pension liability	0.03604200%	0.03604200%	0.03672310%	0.04252920%	0.04853020%	0.05830110%	0.05247380%	0.05423800%
District's proportionate share of the net pension liability	\$2,143,302	\$1,824,065	\$2,095,456	\$3,312,745	\$2,899,572	\$3,339,012	\$3,139,599	\$3,587,416
District's covered-employee payroll	\$1,239,942	\$1,297,201	\$1,272,511	\$1,352,400	\$1,472,571	\$1,710,696	\$1,678,163	\$1,766,714
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.9%	140.6%	164.7%	245.0%	196.9%	195.2%	187.1%	203.1%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%

The amounts presented are as of the District's measurement date, which is the prior fiscal year end.  
Information not available prior to 2014.  
See the accompanying notes to the required supplementary information.

**Eastern Local School District**  
*Required Supplementary Information*  
*Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Five Fiscal Years*

	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>					
District's proportion of the net OPEB liability (asset)	0.03473024%	0.04044006%	0.04213061%	0.04336543%	0.04342579%
District's proportionate share of the net OPEB liability (asset)	\$1,857,382	\$1,577,822	(\$676,996)	(\$718,236)	(\$763,207)
District's covered-employee payroll	\$3,724,800	\$4,261,629	\$4,171,536	\$5,109,736	\$5,258,843
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	49.9%	37.0%	-16.2%	-14.1%	-14.5%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%
<i>School Employees Retirement System</i>					
District's proportion of the net OPEB liability	0.04252920%	0.04908370%	0.05770180%	0.05123957%	0.05350160%
District's proportionate share of the net OPEB liability	\$1,212,240	\$1,317,278	\$1,600,804	\$1,292,494	\$1,162,765
District's covered-employee payroll	\$1,352,400	\$1,472,571	\$1,710,696	\$1,678,163	\$1,766,714
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	89.6%	89.5%	93.6%	77.0%	65.8%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%

The amounts presented are as of the District's measurement date, which is the prior fiscal year end.  
Information not available prior to 2017.  
See the accompanying notes to the required supplementary information.

**Eastern Local School District**  
*Required Supplementary Information*  
*Schedule of District Contributions*  
*Last Ten Fiscal Years*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$412,386	\$421,434	\$430,605	\$499,140	\$521,472	\$596,628	\$584,015	\$715,363	\$736,238	\$776,660
Contractually required contribution - OPEB	31,722	32,418	33,123	0	0	0	0	0	0	0
Contractually required contribution - total	444,108	453,852	463,728	499,140	521,472	596,628	584,015	715,363	736,238	776,660
Contributions in relation to the contractually required contribution	444,108	453,852	463,728	499,140	521,472	596,628	584,015	715,363	736,238	776,660
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered-employee payroll	\$3,172,200	\$3,241,800	\$3,312,346	\$3,565,286	\$3,724,800	\$4,261,629	\$4,171,536	\$5,109,736	\$5,258,843	\$5,547,571
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$160,155	\$171,608	\$179,792	\$167,717	\$189,336	\$206,160	\$230,944	\$226,552	\$247,340	\$298,698
Contractually required contribution - OPEB (1)	6,549	1,984	1,816	10,435	0	0	8,553	8,391	0	0
Contractually required contribution - total	166,704	173,592	181,608	178,152	189,336	206,160	239,497	234,943	247,340	298,698
Contributions in relation to the contractually required contribution	166,704	173,592	181,608	178,152	189,336	206,160	239,497	234,943	247,340	298,698
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered-employee payroll	\$1,190,743	\$1,239,942	\$1,297,201	\$1,272,511	\$1,352,400	\$1,472,571	\$1,710,696	\$1,678,163	\$1,766,714	\$2,133,557
Contributions as a percentage of covered-employee payroll - pension	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	0.55%	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See the accompanying notes to the required supplementary information.

**Eastern Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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**State Teachers Retirement System**

**Pension**

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.50 percent to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

**OPEB**

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.



**Eastern Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
  - Medical Medicare – 6 percent initial, 4 percent ultimate
  - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
  - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
  - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
  - Medical Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
  - Medical Pre-Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
  - Prescription Drug Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate
  - Prescription Drug Pre-Medicare – from -5.23 percent to 9.62 initial, 4 percent ultimate

**Eastern Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
  - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
  - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
  - Prescription Drug Medicare – from 7.73 percent to 6.5 percent initial, 4 percent ultimate
  - Prescription Drug Pre-Medicare – from 9.62 percent to 11.87 initial, 4 percent ultimate

**School Employees Retirement System**

**Pension**

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.20 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
  - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

**Eastern Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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**OPEB**

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2021.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.2 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to the following:
  - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.
- The municipal bond index rate increased from 2.95 percent to 3.56 percent.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
  - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
  - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

**Eastern Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

**EASTERN LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Donation)	10.555	N/A	\$ -	\$ 19,412
Cash Assistance:				
School Breakfast Program	10.553	3L70	-	133,181
Covid-19 School Breakfast Program	10.553	3L70	-	40,663
National School Lunch Program	10.555	3L60	-	227,765
Covid-19 National School Lunch Program	10.555	3L60	-	59,814
Total Child Nutrition Cluster			<u>-</u>	<u>480,835</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>480,835</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	3M00	-	355,489
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	3M20	-	217,525
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A		312,879
Supporting Effective Instruction State Grants	84.367	3Y60	-	13,792
Student Support and Academic Enrichment Program	84.424	3H10	-	38,632
Rural and Low-Income School Program	84.358B	3Y80	-	16,221
Total U.S. Department of Education			<u>-</u>	<u>954,538</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$1,435,373</u>

*The accompanying notes are an integral part of this schedule.*

**EASTERN LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(B)(6)  
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Eastern Local School District (the District's) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



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

Eastern Local School District  
Pike County  
1170 Tile Mill Rd  
Beaver, Ohio 45613

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eastern Local School District, Pike County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2021, wherein we noted the District adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.  
Piketon, Ohio  
December 23, 2021





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

Eastern Local School District  
Pike County  
1170 Tile Mill Rd  
Beaver, Ohio 45613

To the Board of Education:

***Report on Compliance for Each Major Federal Program***

We have audited Eastern Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Eastern Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Eastern Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

*BHM CPA Group*

BHM CPA Group, Inc.  
Piketon, Ohio  
December 23, 2021

**Eastern Local School District**  
**Pike County**  
Schedule of Findings  
2 CFR § 200.515  
June 30, 2021

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.515(a)?	No
(d)(1)(vii)	Major Programs (list):	Elementary and Secondary School Emergency Relief Fund CFDA #84.425D  Child Nutrition Cluster (CFDA #10.553, 10.555)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**Eastern Local School District**  
**Pike County**  
Schedule of Findings  
*2 CFR § 200.515*  
June 30, 2021

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

**None**

**3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS**

**None**

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# OHIO AUDITOR OF STATE KEITH FABER



**EASTERN LOCAL SCHOOL DISTRICT**

**PIKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/3/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)