



OHIO AUDITOR OF STATE
KEITH FABER



**CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2025**

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CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2025

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Chesapeake Union Exempted Village School District
Lawrence County
10183 County Road 1
Chesapeake, Ohio 45619

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chesapeake Union Exempted Village School District, Lawrence County, Ohio (School District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Chesapeake Union Exempted Village School District, Lawrence County, Ohio as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 21 to the financial statements, during 2025, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Also as discussed in Note 21 to the financial statements, during 2025, the School District had a reappraisal of its capital assets performed, which resulted in an adjustment to previously reported balances.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 11, 2026

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Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Chesapeake Union Exempted Village School District's (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,702,768.
- The School District's net position of governmental activities decreased by \$409,832.
- General revenues accounted for \$13,542,779 in revenue or 75 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$4,562,209 or 25 percent of total revenues of \$18,104,988.
- The School District had \$18,514,820 in expenses related to governmental activities; \$4,562,209 of these expenses were offset by program specific charges for services and sale, and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Chesapeake Union Exempted Village School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The statement of net position and statement of activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the statement of net position and the statement of activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes to that position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets and required educational support services to be provided.

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

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

- **Governmental Activities.** Most of the School District's programs and services are reported here including instruction and support services.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major funds are the General Fund and the Permanent Improvement Capital Projects Fund.

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

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Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE

Tables 1, 2, and 3 provide a summary of the School District's changes from fiscal year 2025 compared to 2024. The tables below also separately reflect the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, "Compensated Absences". GASB Statement No. 100, "Accounting Changes and Error Corrections" does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, "Compensated Absences." (See additional information in Note 21).

As stated previously, the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2025 compared to 2024.

Table 1
Net Position
Governmental Activities

	2025	2024
Assets:		
Current and Other Assets	\$11,374,617	\$12,147,990
Net OPEB Asset	998,420	982,912
Capital Assets, Net	14,898,641	16,022,227
Total Assets	27,271,678	29,153,129
Deferred Outflows of Resources:		
Pensions	3,157,616	2,959,771
OPEB	490,978	513,337
Total Deferred Outflows of Resources	3,648,594	3,473,108
Liabilities:		
Current and Other Liabilities	2,248,360	1,810,907
Long-Term Liabilities:		
Due Within One Year	816,901	330,487
Due in More than One Year:		
Net Pension Liabilities	12,790,087	13,581,715
Net OPEB Liabilities	535,941	823,439
Other Amounts	1,966,082	2,631,552
Total Liabilities	18,357,371	19,178,100
Deferred Inflows of Resources		
Pensions	1,535,975	1,096,857
OPEB	1,453,418	1,493,737
Property Taxes not Levied to Finance the Current Year	3,870,740	4,032,778
Total Deferred Inflows of Resources	6,860,133	6,623,372
Net Position:		
Net Investment in Capital Assets	12,972,302	13,798,823
Restricted	1,798,811	1,039,645
Unrestricted	(9,068,345)	(8,013,703)
Total Net Position	\$5,702,768	\$6,824,765

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2025 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

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

Total net position of the School District as a whole decreased in the amount of \$1,121,997, prior to the consideration of the implementation of GASB 101. Current and other assets decreased primarily due to decreases in intergovernmental receivables. Noncurrent assets decreased due to capital asset deletions and depreciation exceeding asset additions for the fiscal year. Deferred outflows of resources increased primarily due to changes in the pensions' actuarial calculations. Current and other liabilities increased as a result of increases in accounts payable. Long-term liabilities decreased primarily due to a decrease in the net pension liabilities as well as payments on long-term debt obligations during the year. These decreases were partially offset by an increase in amounts due within one year due to changes in recognition of liabilities in accordance with GASB 101. Deferred inflows of resources increased primarily due to changes in the pensions and OPEB actuarial calculations which were partially offset by decreases in property taxes not levied to finance current year operations.

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Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Table 2 shows the changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024.

Table 2 Change in Net Position Governmental Activities		
	2025	2024
Revenues		
Program Revenues:		
Charges for Services and Sales	\$156,661	\$170,835
Operating Grants and Contributions	4,405,548	4,565,099
Total Program Revenues	4,562,209	4,735,934
General Revenues:		
Grants and Entitlements, Not Restricted to Specific Programs	8,683,157	9,173,596
Grants for Ohio School Facility Commission Program	504,193	0
Gifts and Donations, Not Restricted to Specific Programs	0	56,116
Investment Earnings	259,394	284,953
Miscellaneous	40,364	38,062
Gain on Sale of Capital Asset	720	5,675
Property Taxes	4,054,951	4,033,525
Total General Revenues	13,542,779	13,591,927
Total Revenues	18,104,988	18,327,861
Program Expenses		
Instruction:		
Regular	7,949,369	7,561,020
Special	1,882,031	2,113,616
Vocational and Other	117,457	72,078
Support Services:		
Pupils	1,237,264	1,135,586
Instructional Staff	969,093	731,533
Board of Education	146,734	242,564
Administration	1,356,451	1,225,612
Fiscal	395,863	390,314
Business	4,300	6,872
Operation and Maintenance of Plant	1,617,135	1,089,049
Pupil Transportation	1,051,255	1,122,763
Central	313,524	279,819
Operation of Non-Instructional Services	824,303	836,688
Extracurricular Activities	594,230	511,679
Interest	55,811	56,892
Total Expenses	18,514,820	17,376,085
Change in Net Position	(409,832)	951,776
Net Position at Beginning of Year, As Previously Reported	6,824,765	5,872,989
Adjustment for Implementation of GASB 101	(167,967)	0
Adjustment Resulting from Reappraisal of Capital Assets	(544,198)	0
Net Position Beginning of Year, As Adjusted	6,112,600	5,872,989
Net Position at End of Year	\$5,702,768	\$6,824,765

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Governmental Activities

Operating grants and contributions decreased primarily because of decreases in ESSER grants. Overall, expenses increased \$1,138,735, which is primarily due to increases in operation and maintenance of plant expenses and regular instruction.

Charges for services and sales comprised 1 percent of revenue for governmental activities, while operating grants and contributions comprised 24 percent of revenue for governmental activities of the School District for fiscal year 2025. Unrestricted grants and entitlements and property taxes made up 48 percent and 22 percent, respectively, of total revenues. Grants from the Ohio Facilities Construction Commission made up 3 percent of total revenues.

As indicated by governmental program expenses, instruction is emphasized. Regular instruction comprised 43 percent of governmental program expenses with special instruction comprising 10 percent of governmental expenses. Administration and operation and maintenance of plant support services also comprise a significant portion of total expenses, each of them accounting for 7 and 9 percent respectively, of total expenses.

The statement of activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements, property taxes, and other general revenues.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2025	2025	2024	2024
Program Expenses				
Instruction:				
Regular	\$7,949,369	\$7,268,404	\$7,561,020	\$6,927,273
Special	1,882,031	19,201	2,113,616	179,348
Vocational and Other	117,457	95,808	72,078	71,957
Support Services:				
Pupils	1,237,264	799,320	1,135,586	995,074
Instructional Staff	969,093	249,385	731,533	103,452
Board of Education	146,734	146,734	242,564	242,323
Administration	1,356,451	1,352,537	1,225,612	1,189,640
Fiscal	395,863	395,863	390,314	389,952
Business	4,300	1,715	6,872	6,872
Operation and Maintenance of Plant	1,617,135	1,571,442	1,089,049	914,012
Pupil Transportation	1,051,255	1,027,766	1,122,763	1,086,911
Central	313,524	231,426	279,819	244,691
Operation of Non-Instructional Services	824,303	243,384	836,688	(140,137)
Extracurricular Activities	594,230	493,815	511,679	371,891
Interest	55,811	55,811	56,892	56,892
Total	<u>\$18,514,820</u>	<u>\$13,952,611</u>	<u>\$17,376,085</u>	<u>\$12,640,151</u>

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

THE SCHOOL DISTRICT'S FUNDS

The governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$19,642,306 and expenditures and other financing uses of \$20,404,835.

The fund balance of the General Fund decreased \$2,251,754. This decrease was due to total expenditures and transfers out exceeding revenues.

The fund balance of the Permanent Improvement Fund increased \$210,222 due to property tax revenues and related state distributions in excess of expenditures for debt service obligations.

General Fund Budgeting Highlights

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

During 2025, there were no revisions to the General Fund budget. The Treasurer has been given the authority by the Board of Education to make line-item adjustments within the budget. The General Fund's ending unobligated cash balance was \$3,786,752.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the School District had \$14,898,641 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows the fiscal year 2025 balances compared to 2024.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2025	2024*
Land	\$257,668	\$257,668
Construction in Progress	510,973	0
Land Improvements	2,805,490	2,992,374
Buildings and Improvements	9,624,185	10,337,717
Furniture and Equipment	1,247,263	1,399,917
Vehicles	453,062	490,353
Totals	<u>\$14,898,641</u>	<u>\$15,478,029</u>

*As restated – see Notes 7 and 21 to the basic financial statements.

See Note 7 to the basic financial statements for more detailed information relating to capital assets.

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Debt

At June 30, 2025, the School District had an outstanding General Obligation Bond issuance in the net amount of \$421,130 including premium. In June 2015, the District issued \$1,074,750 in bonds in order to finance a School Energy Performance Contract. The School District has two financed purchase obligations. As of June 30, 2025, the outstanding balances of these obligations were \$1,474,607. See Notes 12 and 13 to the basic financial statements for more detailed information relating to debt.

Current Economic Issues

Chesapeake Union Exempted Village School District is considered to be a low wealth district. Therefore, as indicated in the preceding financial information, the State of Ohio provides the majority of the funding received by the School District. The future of our School District is difficult to predict. With careful planning and monitoring of our finances, Chesapeake Union Exempted Village School District's Board of Education is committed to providing a quality education for our students and securing a solid financial future for the School District.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Shelby Davidson, Treasurer, Chesapeake Union Exempted Village School District, 10183 County Road One, Chesapeake, Ohio 45619.

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Chesapeake Union Exempted Village School District
Statement of Net Position
As of June 30, 2025

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$6,454,925
Accounts Receivable	4,925
Intergovernmental Receivable	384,077
Prepaid Items	16,023
Property Taxes Receivable	4,514,667
Net OPEB Asset	998,420
Non-Depreciable Capital Assets, net	768,641
Depreciable Capital Assets, net	14,130,000
<i>Total Assets</i>	27,271,678
Deferred Outflows of Resources:	
Pension	3,157,616
OPEB	490,978
<i>Total Deferred Outflows of Resources</i>	3,648,594
Liabilities:	
Accounts Payable	281,473
Accrued Wages and Benefits	1,640,350
Contracts Payable	30,602
Intergovernmental Payable	289,957
Accrued Interest Payable	5,978
Long-Term Liabilities:	
Due Within One Year	816,901
Due in More Than One Year	1,966,082
Net Pension Liability	12,790,087
Net OPEB Liability	535,941
<i>Total Liabilities</i>	18,357,371
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	3,870,740
Pension	1,535,975
OPEB	1,453,418
<i>Total Deferred Inflows of Resources</i>	6,860,133
Net Position:	
Net Investment in Capital Assets	12,972,302
Restricted for Debt Service	286,190
Restricted for Capital Outlay	827,824
Restricted for Other Purposes	134,121
Restricted for Net OPEB Asset	550,676
Unrestricted (Deficit)	(9,068,345)
<i>Total Net Position</i>	\$5,702,768

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

Chesapeake Union Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				
Instruction:				
Regular	\$7,949,369	\$9,526	\$671,439	(\$7,268,404)
Special	1,882,031	0	1,862,830	(19,201)
Vocational	37,569	0	21,649	(15,920)
Other	79,888	0	0	(79,888)
Support Services:				
Pupils	1,237,264	0	437,944	(799,320)
Instructional Staff	969,093	0	719,708	(249,385)
Board of Education	146,734	0	0	(146,734)
Administration	1,356,451	0	3,914	(1,352,537)
Fiscal	395,863	0	0	(395,863)
Business	4,300	0	2,585	(1,715)
Operation and Maintenance of Plant	1,617,135	0	45,693	(1,571,442)
Pupil Transportation	1,051,255	22,980	509	(1,027,766)
Central	313,524	8,389	73,709	(231,426)
Operation of Non-Instructional Services	824,303	23,164	557,755	(243,384)
Extracurricular Activities	594,230	92,602	7,813	(493,815)
Interest	55,811	0	0	(55,811)
<i>Total Governmental Activities</i>	<u>\$18,514,820</u>	<u>\$156,661</u>	<u>\$4,405,548</u>	(13,952,611)
General Revenues:				
Property Taxes Levied for:				
General Purposes				3,665,726
Permanent Improvements				389,225
Grants and Entitlements not				
Restricted for Specific Programs				8,683,157
Grant from School Facilities Commission				
for Capital Construction				504,193
Gain on Sale of Assets				720
Investment Earnings				259,394
Miscellaneous				40,364
<i>Total General Revenues</i>				<u>13,542,779</u>
<i>Change in Net Position</i>				(409,832)
<i>Net Position Beginning of Year, As Previously Reported</i>				6,824,765
<i>Adjustment for Implementation of GASB 101</i>				(167,967)
<i>Adjustment Resulting from Reappraisal of Capital Assets</i>				(544,198)
<i>Net Position Beginning of Year, As Adjusted</i>				<u>6,112,600</u>
<i>Net Position End of Year</i>				<u>\$5,702,768</u>

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

Chesapeake Union Exempted Village School District
Balance Sheet
Governmental Funds
As of June 30, 2025

	General Fund	(formerly nonmajor) Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$4,334,087	\$736,515	\$1,384,323	\$6,454,925
Accounts Receivable	4,925	0	0	4,925
Interfund Receivable	149,126	0	0	149,126
Intergovernmental Receivable	4,747	0	379,330	384,077
Prepaid Items	15,606	0	417	16,023
Property Taxes Receivable	4,084,646	430,021	0	4,514,667
<i>Total Assets</i>	<u>\$8,593,137</u>	<u>\$1,166,536</u>	<u>\$1,764,070</u>	<u>\$11,523,743</u>
Liabilities:				
Accounts Payable	\$59,786	\$0	\$221,687	\$281,473
Accrued Wages and Benefits	1,593,242	0	47,108	1,640,350
Contracts Payable	0	0	30,602	30,602
Interfund Payable	0	0	149,126	149,126
Intergovernmental Payable	284,766	0	5,191	289,957
<i>Total Liabilities</i>	<u>1,937,794</u>	<u>0</u>	<u>453,714</u>	<u>2,391,508</u>
Deferred Inflows of Resources:				
Property Taxes not Levied to Finance Current Year Operations	3,502,097	368,643	0	3,870,740
Unavailable Revenue	387,662	40,864	29,194	457,720
<i>Deferred Inflows of Resources</i>	<u>3,889,759</u>	<u>409,507</u>	<u>29,194</u>	<u>4,328,460</u>
Fund Balances:				
Nonspendable	15,606	0	417	16,023
Restricted	0	757,029	429,732	1,186,761
Committed	50,000	0	951,390	1,001,390
Assigned	1,164,807	0	0	1,164,807
Unassigned (Deficit)	1,535,171	0	(100,377)	1,434,794
<i>Total Fund Balances</i>	<u>2,765,584</u>	<u>757,029</u>	<u>1,281,162</u>	<u>4,803,775</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$8,593,137</u>	<u>\$1,166,536</u>	<u>\$1,764,070</u>	<u>\$11,523,743</u>

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

Chesapeake Union Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
As of June 30, 2025*

Total Governmental Fund Balances	\$4,803,775
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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.	14,898,641
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Intergovernmental	29,194	
Taxes	428,526	
Total		457,720

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(5,978)
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The net pension and OPEB liabilities (assets) are not due and payable (receivable) in the current period. Therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	3,157,616	
Deferred Outflows-OPEB	490,978	
Deferred Inflows-Pension	(1,535,975)	
Deferred Inflows-OPEB	(1,453,418)	
Net Pension Liability	(12,790,087)	
Net OPEB Asset	998,420	
Net OPEB Liability	(535,941)	
Total		(11,668,407)

Long-term liabilities, including bonds, financed purchases, 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.

General Obligation Bonds	(421,130)	
Financed Purchases	(1,474,607)	
Compensated Absences	(887,246)	
Total		(2,782,983)

Net Position of Governmental Activities	<u><u>\$5,702,768</u></u>
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The notes to the basic financial statements are an integral part of this statement

Chesapeake Union Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General Fund	(formerly nonmajor) Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$3,654,632	\$384,698	\$0	\$4,039,330
Intergovernmental	10,636,805	39,309	3,110,491	13,786,605
Interest	259,394	0	0	259,394
Tuition and Fees	9,526	0	0	9,526
Extracurricular Activities	8,389	0	115,582	123,971
Gifts and Donations	92,784	0	11,022	103,806
Customer Sales and Services	0	0	23,164	23,164
Miscellaneous	12,128	0	28,236	40,364
<i>Total Revenues</i>	<i>14,673,658</i>	<i>424,007</i>	<i>3,288,495</i>	<i>18,386,160</i>
Expenditures:				
Current:				
Instruction:				
Regular	7,339,452	0	259,172	7,598,624
Special	1,460,401	0	543,144	2,003,545
Vocational	37,569	0	0	37,569
Other	79,888	0	0	79,888
Support Services:				
Pupils	1,224,610	0	98,298	1,322,908
Instructional Staff	328,722	0	661,457	990,179
Board of Education	132,837	0	0	132,837
Administration	1,430,197	0	0	1,430,197
Fiscal	396,556	10,225	0	406,781
Business	0	0	2,800	2,800
Operation and Maintenance of Plant	1,404,233	0	5,315	1,409,548
Pupil Transportation	1,022,135	0	31,152	1,053,287
Central	266,843	0	29,301	296,144
Operation of Non-Instructional Services	1,975	0	837,472	839,447
Extracurricular Activities	321,718	0	120,938	442,656
Capital Outlay	48,019	0	675,869	723,888
Debt Service:				
Principal	152,028	174,133	0	326,161
Interest	23,523	29,427	0	52,950
<i>Total Expenditures</i>	<i>15,670,706</i>	<i>213,785</i>	<i>3,264,918</i>	<i>19,149,409</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(997,048)</i>	<i>210,222</i>	<i>23,577</i>	<i>(763,249)</i>
Other Financing Sources (Uses):				
Transfers In	0	0	1,255,426	1,255,426
Proceeds from Sale of Capital Assets	720	0	0	720
Transfers Out	(1,255,426)	0	0	(1,255,426)
<i>Total Other Financing Sources (Uses)</i>	<i>(1,254,706)</i>	<i>0</i>	<i>1,255,426</i>	<i>720</i>
<i>Net Change in Fund Balances</i>	<i>(2,251,754)</i>	<i>210,222</i>	<i>1,279,003</i>	<i>(762,529)</i>
<i>Fund Balances at Beginning of Year, As Previously Reported</i>	<i>5,017,338</i>	<i>0</i>	<i>548,966</i>	<i>5,566,304</i>
<i>Adjustment for Change in Major Funds</i>	<i>0</i>	<i>546,807</i>	<i>(546,807)</i>	<i>0</i>
<i>Fund Balances at Beginning of Year, As Adjusted</i>	<i>5,017,338</i>	<i>546,807</i>	<i>2,159</i>	<i>5,566,304</i>
<i>Fund (Deficit) Balances at End of Year</i>	<i>\$2,765,584</i>	<i>\$757,029</i>	<i>\$1,281,162</i>	<i>\$4,803,775</i>

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

Chesapeake Union Exempted Village 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, 2025*

Net Change in Fund Balances - Total Governmental Funds (\$762,529)

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

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

Capital Asset Additions	763,577	
Current Year Depreciation/Amortization	(1,342,965)	
Total		(579,388)

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

Intergovernmental	(297,513)	
Taxes	15,621	
Total		(281,892)

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

Pension	1,416,577	
OPEB	39,812	
Total		1,456,389

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

Pension	(866,221)	
OPEB	281,154	
Total		(585,067)

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:

General Obligation Bonds	74,500	
Financed Purchases	251,661	
Total		326,161

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:

Amortization of Premiums	1,506	
Decrease in Compensated Absences	19,356	
Increase in Accrued Interest	(4,368)	
Total		16,494

Net Change in Net Position of Governmental Activities (\$409,832)

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

Chesapeake Union Exempted Village 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, 2025*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources	\$15,366,104	\$15,366,104	\$14,813,000	(\$553,104)
Expenditures and Other Financing Uses	15,928,523	15,928,523	17,586,841	(1,658,318)
<i>Net Change in Fund Balance</i>	(562,419)	(562,419)	(2,773,841)	(2,211,422)
<i>Fund Balance at Beginning of Year</i>	6,222,313	6,222,313	6,222,313	0
<i>Prior Year Encumbrances Appropriated</i>	338,280	338,280	338,280	0
<i>Fund Balance at End of Year</i>	<u>\$5,998,174</u>	<u>\$5,998,174</u>	<u>\$3,786,752</u>	<u>(\$2,211,422)</u>

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

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Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Chesapeake Union Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1926 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 36 square miles. It is located in Lawrence County and includes all of Union Township. It is staffed by 82 non-certificated employees and 98 certificated full-time teaching personnel who provide services to 1,063 students and other community members. The School District currently operates three instructional buildings, one administrative building, and one maintenance building.

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 School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Chesapeake Union Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

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

- * Boosters Clubs
- * Parent Teacher Organizations

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as an insurance purchasing pool and one as a shared risk pool. These organizations are the Metropolitan Educational Technology Association (META), the Collins Career Center, the Coalition of Rural and Appalachian Schools, the Better Business Bureau of Central Ohio's Workers' Compensation Retrospective Group Rating Program, and the Lawrence County Schools Council of Governments Health Benefits Program. These organizations are presented in Notes 15 and 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Chesapeake Union Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Basis of Presentation

The School 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.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the School District that are governmental and those that are classified as business-type. However, the School District has no activities that are classified as business-type.

The statement of net position presents the financial condition of governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. 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 School District.

Fund Financial Statements:

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

Fund Accounting

The School 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. The funds used by this School District can be classified using one category: governmental.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose 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, liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund – The General Fund is the general operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

Permanent Improvement Fund – The permanent improvement capital projects fund accounts for and reports property tax revenues restricted for the acquisition, construction, or improvement of such permanent improvements.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., 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, 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.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting for governmental funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, the presentation of expenses versus expenditures, and the recording of net pension and other post-employment benefit liabilities (assets).

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 the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the School 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 year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School 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 year-end: property taxes available as an advance, tuition, grants, and fees.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Deferred Outflows and Deferred 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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits. The deferred outflows of resources related to pension and other postemployment benefits are explained in Note 9 and Note 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 until that time. For the School District, deferred inflows of resources include property taxes, pension, other postemployment benefits, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School 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. Deferred inflows of resources related to pension and other postemployment benefits are reported on the government-wide statement of net position. (See Note 9 and Note 10).

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, except for (1) principal and interest on general long-term debt and Financed Purchase obligations, which is recorded when due, (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignation and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in 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 expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect amounts in the certificate of estimated resources at the time the permanent appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate in effect when the 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 revenues. 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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Cash and Cash Equivalents

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

During fiscal year 2025, the School District's investments were limited to funds invested in the State Treasury Assets Reserve of Ohio (STAROhio), U.S. government securities, money market accounts, and negotiable certificates of deposit.

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2025 amounted to \$259,394 in the General Fund.

Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School 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. The School District does not capitalize interest for capital asset purchases.

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:

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Interfund transfers within governmental activities are eliminated in the statement of activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Compensated Absences

The School District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave.

A liability for compensated absences is recorded as incurred in the government-wide statement of net position using the first-in, first-out flow assumption, where the oldest accumulated leave is the leave used first. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary related benefits, where applicable.

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 more likely than not that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits considered more likely than not to be used or settled at termination are recognized as a liability in the financial statements. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the School District's termination policy.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent 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 employee who has accumulated unpaid leave is paid. The School District did not have any matured compensated absences to report as of June 30, 2025.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits 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 year. Net pension and OPEB liabilities

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally 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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School 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. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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 balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or 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.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position includes various grants and other resources restricted for various purposes. Restricted net position for net OPEB assets represents the corresponding restricted amounts held in trust by the OPEB plans for future benefits, net of related deferred outflows and inflows of resources. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the School District's restricted net position, none are restricted by enabling legislation.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities column of the statement of net position.

Bond Premiums

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

Bond premiums are recognized as other financing sources on the fund financial statements in the year of issuance.

Pensions and Other Post-Employment Benefits (OPEB)

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget and actual (budgetary basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

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);

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis); and
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget 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	(\$2,251,754)
Revenue Accruals	240,045
Expenditure Accruals	161,737
Perspective Difference:	
Activity of Funds Reclassified for	
GAAP Reporting Purposes	(250,361)
Encumbrances	(673,508)
Budget Basis	<u>(\$2,773,841)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School 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 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 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 Custodial 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 Custodial 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 bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School 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 Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the School District's deposits was provided by the Federal Deposit Insurance Corporation (FDIC) and by eligible securities pledged by the financial institution as a security for repayment.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School 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.

Investments Investments are reported at fair value. As of June 30, 2025, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Rating	Percent of Total Investment
Fair Value - Level One Inputs:				
Cash Equivalent Fund	\$8,547	Less than one year	N/A	0.16%
U.S. Treasury Notes	40,098	Less than one year	Aaa-Moody's	0.75%
U.S. Treasury Notes	60,302	1-2 years	Aaa-Moody's	1.13%
U.S. Treasury Bills	99,116	Less than one year	Aaa-Moody's	1.86%
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	505,032	Less than one year	N/A	9.45%
Negotiable Certificates of Deposit	320,399	1-2 years	N/A	6.00%
Negotiable Certificates of Deposit	94,839	3-5 years	N/A	1.78%
Net Asset Value Per Share:				
STAROhio	4,214,058	Less than one year	AAAm-S&P	78.88%
Total Investments	<u>\$5,342,391</u>			<u>100.00%</u>

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2025. The Cash Equivalent Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. The School District will not directly invest in securities maturing more than five years from the date of the investment.

Credit Risk

The School District's investment policy limits investments to those authorized by State statute. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk

The School District's investment policy places no limit on the amount it may invest in any one issuer.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected in 2025 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The assessed values upon which fiscal year 2025 taxes were collected are:

Chesapeake Union Exempted Village School District*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025*

	2024 Second-Half		2025 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$139,097,030	67.60%	\$140,490,670	67.00%
Public Utility	66,664,850	32.40%	69,190,450	33.00%
Total Assessed Value	<u>\$205,761,880</u>	<u>100.00%</u>	<u>\$209,681,120</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$21.00		\$21.00	

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2025 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2025, was \$194,887 in the General Fund and \$20,514 in the Permanent Improvement Fund.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2025, consisted of taxes, accounts, interfund, and intergovernmental grants. 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. A summary of the principal items of intergovernmental receivables follows:

	Amount
Major Funds:	
General	\$4,747
Non-Major Special Revenue Funds:	
OFCC Appalachian Community Innovation Center	125,604
Public School Preschool	2,845
21st Century	221,687
Title I	23,104
Drug Free Schools	6,090
Total Non-Major Special Revenue Funds	<u>379,330</u>
Total All Funds/Governmental Activities	<u>\$384,077</u>

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2025, was as follows:

	Ending Balance 6/30/2024*	Additions	Deletions	Ending Balance 6/30/2025
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$257,668	\$0	\$0	\$257,668
Construction in Progress	0	510,973	0	510,973
Total Capital Assets, Not Being Depreciated	257,668	510,973	0	768,641
Capital Assets Being Depreciated				
Land Improvements	5,806,541	72,825	0	5,879,366
Buildings and Improvements	30,501,367	71,095	0	30,572,462
Furniture and Equipment	2,700,357	45,157	0	2,745,514
Vehicles	1,473,649	63,527	(59,810)	1,477,366
Total Capital Assets Being Depreciated	40,481,914	252,604	(59,810)	40,674,708
Less: Accumulated Depreciation:				
Land Improvements	(2,814,167)	(259,709)	0	(3,073,876)
Buildings and Improvements	(20,163,650)	(784,627)	0	(20,948,277)
Furniture and Equipment	(1,300,440)	(197,811)	0	(1,498,251)
Vehicles	(983,296)	(100,818)	59,810	(1,024,304)
Total Accumulated Depreciation	(25,261,553)	(1,342,965)	59,810	(26,544,708)
Total Capital Assets Being Depreciated, Net	15,220,361	(1,090,361)	0	14,130,000
Governmental Capital Assets, Net	\$15,478,029	(\$579,388)	\$0	\$14,898,641

*As restated – please see Note 21 to the basic financial statements.

The School District's capital assets reported above include \$5,648,581 in fully depreciated capital assets that are still being utilized by the School District.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$824,989
Special	7,067
Support Services:	
Board of Education	14,670
Business	1,500
Operation and Maintenance of Plant	196,911
Pupil Transportation	102,275
Central	21,135
Operation of Non-Instructional Services	2,079
Extracurricular Activities	172,339
Total Depreciation Expense	<u>\$1,342,965</u>

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 8 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the School District contracted with USI Insurance Services. Coverage provided is as follows:

Commercial Property Coverage	\$70,104,805
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

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

For fiscal year 2025, the School District participated in the Better Business Bureau of Central Ohio's Workers' Compensation Retrospective Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to improve safety, accident prevention, and claims handling for the School District. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control, and actuarial services to the GRP.

The School District participates in the Lawrence County Schools Council of Governments Health Benefits Program (Council), a public entity shared risk pool (Note 16), consisting of government entities within the County offering medical insurance to their employees. The Council contracts with Jefferson Health Plan to provide insurance services. Monthly premiums are paid to Jefferson Health Plan, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination of the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the fund of the Council.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension/OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represent the School 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.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan

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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, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$337,810 for fiscal year 2025. Of this amount, \$36,697 is reported as an intergovernmental payable in the accompanying financial statements.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. 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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09 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 2.91 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.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,078,767 for fiscal year 2025. Of this amount, \$192,400 is reported as an intergovernmental payable in the accompanying financial statements.

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

The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Current Measurement Date	0.05203530%	0.052636800%	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.04883160%	0.050538890%	
Change in Proportionate Share	0.00320370%	0.002097910%	
Proportionate Share of the Net			
Pension Liability	\$2,661,916	\$10,128,171	\$12,790,087
Pension Expense	\$174,143	\$692,078	\$866,221

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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For the Fiscal Year Ended June 30, 2025

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$101,629	\$637,810	\$739,439
Changes of assumptions	23,813	466,762	490,575
Changes in proportion and differences between School District contributions and proportionate share of contributions	125,741	385,284	511,025
School District contributions subsequent to the measurement date	<u>337,810</u>	<u>1,078,767</u>	<u>1,416,577</u>
Total Deferred Outflows of Resources	<u>\$588,993</u>	<u>\$2,568,623</u>	<u>\$3,157,616</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$5,547	\$5,547
Changes of assumptions	0	351,338	351,338
Net difference between projected and actual earnings on pension plan investments	166,503	870,816	1,037,319
Changes in proportion and differences between School District contributions and proportionate share of contributions	<u>14,137</u>	<u>127,634</u>	<u>141,771</u>
Total Deferred Inflows of Resources	<u>\$180,640</u>	<u>\$1,355,335</u>	<u>\$1,535,975</u>

\$1,416,577 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (gain) as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	(\$94,617)	\$612,075	\$517,458
2027	202,328	(174,169)	28,159
2028	11,794	(174,169)	(162,375)
2029	<u>(48,962)</u>	<u>(129,216)</u>	<u>(178,178)</u>
Total	<u>\$70,543</u>	<u>\$134,521</u>	<u>\$205,064</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

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Notes to the Basic Financial Statements

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benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, below:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,072,363	\$2,661,916	\$1,474,396

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	100.00%	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocation should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. 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, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$16,338,514	\$10,128,171	\$4,875,287

NOTE 10 – DEFINED BENEFIT OPEB PLANS

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

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 2025, 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 2025, this amount was \$30,000. 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 2025, the School District's surcharge obligation was \$39,812.

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For the Fiscal Year Ended June 30, 2025

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 School District's contractually required contribution to SERS was \$39,812 for fiscal year 2025, which was recorded as an intergovernmental payable in the accompanying financial statements.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

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, 2025, 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, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School 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 and OPEB gain:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.05262090%	0.05263680%	
Prior Measurement Date	0.04998280%	0.05053889%	
Change in Proportionate Share	0.00263810%	0.00209791%	
Proportionate Share of the:			
Net OPEB Liability	\$535,941	\$0	\$535,941
Net OPEB (Asset)	\$0	(\$998,420)	(\$998,420)
Net OPEB Gain	(\$65,790)	(\$215,364)	(\$281,154)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$0	\$43,404	\$43,404
Changes of assumptions	230,026	122,893	352,919
Net difference between projected and actual earnings on pension plan investments	2,617	0	2,617
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	50,613	1,613	52,226
School District contributions subsequent to the measurement date	39,812	0	39,812
Total Deferred Outflows of Resources	<u>\$323,068</u>	<u>\$167,910</u>	<u>\$490,978</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$577,886	\$107,596	\$685,482
Changes of assumptions	246,192	450,275	696,467
Net difference between projected and actual earnings on OPEB plan investments	0	42,869	42,869
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	13,686	14,914	28,600
Total Deferred Inflows of Resources	<u>\$837,764</u>	<u>\$615,654</u>	<u>\$1,453,418</u>

\$39,812 reported as deferred outflows of resources related to OPEB resulting from School 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 fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (gain) as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$151,847)	(\$154,647)	(\$306,494)
2027	(100,985)	(69,129)	(170,114)
2028	(76,784)	(87,842)	(164,626)
2029	(63,390)	(81,937)	(145,327)
2030	(62,603)	(66,703)	(129,306)
Thereafter	(98,899)	12,514	(86,385)
Total	<u>(\$554,508)</u>	<u>(\$447,744)</u>	<u>(\$1,002,252)</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, 2024, are presented below:

	<u>June 30, 2024</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 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 contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

Sensitivity of the School 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, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). 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 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$714,659	\$535,941	\$393,926
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$362,276	\$535,941	\$764,210

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented below:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00%</u>	

* Final target weights reflected at October 1, 2022.

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the School 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, 2024, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$811,781)	(\$998,420)	(\$1,160,836)

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	(\$1,171,807)	(\$998,420)	(\$789,899)

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 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 up to two years of credit. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 45 to 70 days depending on the employee classification for personnel with ten or more years of service.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Guardian Life Insurance Company.

Deferred Compensation

School 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.

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Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 12 - LONG-TERM LIABILITIES

The changes in the School District's long-term liabilities during fiscal year 2025 were as follows:

	Adjusted Amounts			Amounts	
	Outstanding			Outstanding	Due in
	6/30/2024	Additions	Deletions	6/30/2025	One Year
General Obligation Bonds:					
2015 Limited-Tax General					
Obligation Bonds					
Term Bonds - \$1,074,750 @ 3.52%	\$488,100	\$0	\$74,500	\$413,600	\$77,100
Premium - \$22,581	9,036	0	1,506	7,530	0
Total General Obligation Bonds	497,136	0	76,006	421,130	77,100
Net Pension Liability:					
STRS	10,883,518	0	755,347	10,128,171	0
SERS	2,698,197	0	36,281	2,661,916	0
Total Net Pension Liability	13,581,715	0	791,628	12,790,087	0
Net OPEB Liability:					
SERS	823,439	0	287,498	535,941	0
Total OPEB Pension Liability	823,439	0	287,498	535,941	0
Financed Purchases	1,726,268	0	251,661	1,474,607	256,495
Compensated Absences	906,602	0	19,356	887,246	483,306
Total Long-Term Liabilities	\$17,535,160	\$0	\$1,426,149	\$16,109,011	\$816,901

The change in compensated absences reported above is a net change.

2015 Limited-Tax General Obligation Bonds – On June 18, 2015, the Chesapeake Union Exempted Village School District issued \$1,074,750 of General Obligation Bonds. The bonds were issued in order to finance a School Energy Performance Contract (House Bill 264) through the Ohio Facilities Construction Committee. The bonds mature in December 2029. These bonds were issued with a premium of \$22,581 which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2025 was \$1,506. The issuance costs of \$22,581 were expensed.

Principal and interest requirements to retire bonds outstanding at June 30, 2025 are as follows:

	2015 General Obligation Bonds	
Fiscal Year		
Ending	Term Bonds	
June 30,	Principal	Interest
2026	\$77,100	\$13,202
2027	79,800	10,440
2028	82,600	7,582
2029	85,550	4,623
2030	88,550	1,559
Totals	\$413,600	\$37,406

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The School District's overall debt margin was \$18,871,301, with an unvoted debt margin of \$209,681, at June 30, 2025.

Compensated absences are being paid from the fund from which the employees' salaries are paid, with the General Fund being the most significant fund. The 2015 Limited-Tax General Obligation Bonds are being paid from the General Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 13 – FINANCED PURCHASES

During a previous fiscal year, the School District entered into a financed-purchase agreement for the installation of a new Heating, Ventilation, and Air Conditioning (HVAC) system in the amount of \$1,028,300. The School District is acquiring the equipment from T.M.I. Energy Solutions and will retain title to the project during the financed purchase term. This project was financed with Huntington National Bank and the School District is making annual payments each December. The original interest rate was fixed at 4.20 percent. During fiscal year 2022, the financed-purchase agreement was amended to reduce the interest rate to 1.90 percent for the remaining principal amount of \$627,000 which expires in fiscal year 2029. At the end of fiscal year 2025, the outstanding balance of the financed purchase was \$325,259. The financed purchase is being repaid from the General Fund.

During 2022, the School District entered into a financed purchase in order to pay off the \$1,625,000 in outstanding certificates of participation. This obligation was financed with Andover Bank and the School District is making annual payments each December. The interest rate was fixed at 2.38 percent. There were issuance costs of \$21,401 which were expensed. At the end of fiscal year 2025, the outstanding balance of the financed purchase was \$1,149,348. This financed purchase is being repaid from the Permanent Improvement Fund.

The following is a schedule of the future payments required under the Financed Purchases as of June 30, 2025:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$256,495	\$31,422	\$287,917
2027	266,327	25,598	291,925
2028	275,993	19,550	295,543
2029	195,484	14,352	209,836
2030	115,263	10,060	125,323
2031-2033	365,045	13,180	378,225
Total	<u>\$1,474,607</u>	<u>\$114,162</u>	<u>\$1,588,769</u>

NOTE 14 - INTERFUND TRANSFERS AND ADVANCES

As of June 30, 2025, transfers were as follows:

	<u>Transfer To</u>	<u>Transfer From</u>
Major Fund:		
General Fund	\$0	\$1,255,426
Non-Major Funds:		
District Managed Activities	40,000	0
Capital Projects	950,000	0
Lunchroom	265,426	0
Total All Funds	<u>\$1,255,426</u>	<u>\$1,255,426</u>

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The District Managed Activities Fund and the Lunchroom Fund received transfers from the General Fund in order to avoid a negative fund balance. The Capital Projects Fund received transfers from the General Fund in order to set aside funds for future projects.

	Interfund Receivable	Interfund Payable
Major Fund:		
General Fund	\$149,126	\$0
Non-Major Funds:		
OFCC Appalachian Community Innovation Center	0	101,782
Student Managed Activities	0	2,540
Public School Preschool	0	2,845
Other State Grants	0	6,687
Title VI-B	0	1,624
Title I Supplemental School Improvement	0	4,454
Title I	0	23,104
Title IV-A	0	6,090
Total Non-Major Funds	0	149,126
Total All Funds	\$149,126	\$149,126

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 finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Collins Career Center - The Collins Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, Ohio 45619.

Metropolitan Educational Technology Association - META is an educational solutions partner providing services across Ohio. META 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 consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and 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 School District paid META \$68,208 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.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board of Directors of no more than 19 members, not including ex-officio members. The Board includes the Dean of the College of Education, and two additional members from Ohio University appointed by the Dean. There is also one elected member from each of the eight multi-county regions. The eight elected members appoints eight additional members, one from each multi-county region. A County Region must have a minimum of five (5) active public school district

Chesapeake Union Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

members to qualify for an elected and an appointed member on the board of directors. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District did not utilize the services of the Coalition during the year.

The School District's membership fee was \$400 for fiscal year 2025. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 16 - INSURANCE PURCHASING AND SHARED RISK POOLS

The Better Business Bureau of Central Ohio's Workers' Compensation Retrospective Group Rating Program (GRP) is an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The Lawrence County Schools Council of Governments Health Benefits Program (Council) is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a Board of Directors, which consists of the superintendent from each participating school district. The Council elects officers for one-year terms to serve on the Board of Directors. The Board of Directors exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the Council.

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND BALANCE RESTRICTIONS

The School 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 restricted cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Capital</u>
Set-aside Balance as of June 30, 2024	\$0
Current Year Set-aside Requirement	267,907
Current Year Qualifying Expenditures	<u>(440,855)</u>
Set-aside Balance as of June 30, 2025	<u><u>(\$172,948)</u></u>

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital improvements set aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years.

NOTE 18 - CONTINGENCIES

Grants

The School 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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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 School District at June 30, 2025, if applicable, cannot be determined at this time.

Litigation

The School District is not currently party to legal proceedings.

School District Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) 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. Adjustments for fiscal year 2025 have been finalized and a corresponding receivable of \$4,747 has been recorded in the accompanying financial statements.

NOTE 19 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School 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:

Fund Balances	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid Items	\$15,606	\$0	\$417	\$16,023
Restricted for				
Other Purposes	0	0	25,771	25,771
Student Managed Activity	0	0	23,019	23,019
Athletic	0	0	24,182	24,182
Miscellaneous Federal Grants	0	0	33,859	33,859
Capital Projects	0	757,029	36,711	793,740
Debt Services Payments	0	0	286,190	286,190
Total Restricted	0	757,029	429,732	1,186,761
Committed to				
Termination Benefits	50,000	0	0	50,000
Capital Projects	0	0	951,390	951,390
Total Committed	50,000	0	951,390	1,001,390
Assigned to				
Other Purposes	36,953	0	0	36,953
Future Purchases	592,442	0	0	592,442
Subsequent Budget Deficit	535,412	0	0	535,412
Total Assigned	1,164,807	0	0	1,164,807
Unassigned (Deficit)	1,535,171	0	(100,377)	1,434,794
Total Fund Balances	\$2,765,584	\$757,029	\$1,281,162	\$4,803,775

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 20 – COMMITMENTS

Encumbrances

At June 30, 2025, the School District had significant encumbrance commitments in governmental fund as follows:

<u>Fund</u>	<u>Amount</u>
Major Fund:	
General	\$659,351
Nonmajor Funds:	
OFCC Appalachian Community Innovation Center	335,779
Food Service	21,497
District Managed Activities	17,973
21st Century	221,687
Miscellaneous Federal Grants	74,745

Contractual Commitment

The School District had the following outstanding contractual commitment as of June 30, 2025.

<u>Contractor – Project</u>	<u>Contract Amount</u>	<u>Amount Paid as of June 30, 2025</u>	<u>Balance</u>
Steed Hammond – K-12 Expansion Project	\$10,305,000	\$510,973	\$9,794,027

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS AND RESTATEMENT OF BEGINNING BALANCES

New Accounting Pronouncements

For fiscal year 2025, the School District implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 provides updated guidance on accounting for and reporting compensated absences, which includes recognizing a liability for leave that is attributable to service already rendered and is more likely than not to be used or otherwise paid or settled.

GASB Statement 102 requires school districts to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. A concentration, as defined by Statement 102, is a lack of diversity related to an aspect of a significant inflow or outflow of resources, for example, a small number of companies that represent a majority of employment in a school district's jurisdiction, or a school district that relies on one revenue source for most of its revenue. A constraint is a limitation imposed on a school district by an external party or by formal action of the school district's highest level of decision-making authority, such as a voter-approved property tax cap or a state-imposed debt limit. The School District had no disclosures related to concentrations or constraints. This GASB pronouncement relates to note disclosure only and had no effect on beginning net position/fund balance.

Adjustment to Beginning Balances

The School District had a reappraisal of its capital assets performed, which resulted in an adjustment to previously reported balances.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The implementation of GASB Statement No. 101 and the adjustment of the prior year balance related to the capital assets reappraisal have the following impact on beginning net position:

	Governmental Activities
Net Position at June 30, 2024, As Previously Reported	\$6,824,765
Adjustments for GASB No. 101 Implementation	(167,967)
Adjustment Resulting from Reappraisal of Capital Assets	(544,198)
Net Position at June 30, 2024, As Adjusted	<u>\$6,112,600</u>

NOTE 22 – ACCOUNTABILITY AND COMPLIANCE

Accountability – Fund Balance Deficits

At June 30, 2025, the Food Service, Other State Grants, Title VI-B, Title I School Improvement, Title I, Title IV-A, and the OFCC Appalachian Community Innovation Center nonmajor special revenue funds had fund balance deficits of \$51,221, \$6,687, \$1,624, \$4,454, \$23,104, \$6,090, and \$6,780, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

Contrary to Ohio law (Ohio Rev. Code 5705.41(B)), the School District had budgetary expenditures in excess of appropriations in the amount of \$1,658,313 in the General Fund.

NOTE 23 – CHANGE IN REPORTING ENTITY

The School District's permanent improvement capital projects fund changed from nonmajor to major for fiscal year 2025.

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>										
School District's proportion of the net pension liability	0.050997610%	0.051317840%	0.050759780%	0.051583850%	0.051423380%	0.051071000%	0.052275143%	0.049936100%	0.050538890%	0.052636800%
School District's proportionate share of the net pension liability	\$14,094,248	\$17,177,628	\$12,058,095	\$11,342,130	\$11,371,971	\$12,357,365	\$6,683,847	\$11,100,858	\$10,883,518	\$10,128,171
School District's covered payroll	\$5,320,743	\$5,308,800	\$5,403,000	\$5,974,886	\$6,150,086	\$6,427,886	\$6,063,257	\$6,589,886	\$6,723,600	\$7,197,793
School District's proportionate share of the net pension liability as a percentage of its covered payroll	262.1%	313.0%	223.2%	189.8%	184.9%	192.2%	110.2%	168.5%	161.9%	140.7%
Plan fiduciary net position as a percentage of the total pension liability	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%	80.0%	82.5%
<i>School Employees Retirement System</i>										
School District's proportion of the net pension liability	0.048110100%	0.047140900%	0.048792600%	0.051700200%	0.047054700%	0.047779100%	0.048157200%	0.049402700%	0.048831600%	0.052035300%
School District's proportionate share of the net pension liability	\$2,745,209	\$3,450,279	\$2,915,250	\$2,960,966	\$2,815,365	\$3,160,210	\$1,776,861	\$2,672,082	\$2,698,197	\$2,661,916
School District's covered payroll	\$1,448,323	\$1,806,900	\$1,711,114	\$1,701,230	\$1,597,422	\$1,599,050	\$1,582,921	\$1,650,836	\$1,658,929	\$2,180,707
School District's proportionate share of the net pension liability as a percentage of its covered payroll	198.7%	235.7%	170.4%	174.0%	176.2%	197.6%	112.3%	161.9%	162.6%	122.1%
Plan fiduciary net position as a percentage of the total pension liability	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%	76.1%	78.5%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
See the accompanying required supplementary information.

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Nine Fiscal Years

	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>									
School District's proportion of the net OPEB liability (asset)	0.051317840%	0.050759780%	0.051583850%	0.051423380%	0.051071000%	0.052275143%	0.049936100%	0.050538890%	0.052636800%
School District's proportionate share of the net OPEB liability (asset)	\$2,744,491	\$1,980,459	(\$828,900)	(\$851,695)	(\$897,572)	(\$1,102,179)	(\$1,293,012)	(\$982,912)	(\$998,420)
School District's covered payroll	\$5,308,800	\$5,403,000	\$5,974,886	\$6,150,086	\$6,427,886	\$6,063,257	\$6,589,886	\$6,723,600	\$7,197,793
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	51.7%	36.7%	-13.9%	-13.8%	-14.0%	-18.2%	-19.6%	-14.6%	-13.9%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%	168.5%	158.0%
<i>School Employees Retirement System</i>									
School District's proportion of the net OPEB liability	0.047618500%	0.049466300%	0.051843600%	0.047922000%	0.049420100%	0.049282200%	0.050187600%	0.049982800%	0.052620900%
School District's proportionate share of the net OPEB liability	\$1,357,304	\$1,327,546	\$1,438,282	\$1,205,138	\$1,074,062	\$932,706	\$704,639	\$823,439	\$535,941
School District's covered payroll	\$1,806,900	\$1,711,114	\$1,701,230	\$1,597,422	\$1,599,050	\$1,582,921	\$1,650,836	\$1,658,929	\$2,180,707
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	75.1%	77.6%	84.5%	75.4%	67.2%	58.9%	42.7%	49.6%	24.6%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.8%	15.6%	18.2%	24.1%	30.3%	30.0%	44.5%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.

Information not available prior to 2017.

See the accompanying required supplementary information.

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$743,232	\$756,420	\$836,484	\$861,012	\$899,904	\$848,856	\$922,584	\$941,304	\$1,007,691	\$1,078,767
Contractually required contribution - OPEB	0	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	743,232	756,420	836,484	861,012	899,904	848,856	922,584	941,304	1,007,691	1,078,767
Contributions in relation to the contractually required contribution	743,232	756,420	836,484	861,012	899,904	848,856	922,584	941,304	1,007,691	1,078,767
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$5,308,800	\$5,403,000	\$5,974,886	\$6,150,086	\$6,427,886	\$6,063,257	\$6,589,886	\$6,723,600	\$7,197,793	\$7,705,479
Contributions as a percentage of covered payroll - pension	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered 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	\$252,966	\$239,556	\$229,666	\$215,652	\$223,867	\$221,609	\$231,117	\$232,250	\$305,299	\$337,810
Contractually required contribution - OPEB (1)	0	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	252,966	239,556	229,666	215,652	223,867	221,609	231,117	232,250	305,299	337,810
Contributions in relation to the contractually required contribution	252,966	239,556	229,666	215,652	223,867	221,609	231,117	232,250	305,299	337,810
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$1,806,900	\$1,711,114	\$1,701,230	\$1,597,422	\$1,599,050	\$1,582,921	\$1,650,836	\$1,658,929	\$2,180,707	\$2,412,929
Contributions as a percentage of covered payroll - pension	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered 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 required supplementary information.

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2016 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 2025.

Changes in assumptions

There were no changes in assumptions for fiscal years 2016 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 2.5 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 3.5 percent to 3.0 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.

For fiscal year 2022, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Investment rate of return and discount rate of return assumptions were lowered from 7.45 percent to 7.0 percent.

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.
- The projected salary increases changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent.

There were no changes in assumptions for fiscal years 2024 or 2025.

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.

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

- 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.

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% to 1.984% 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% 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.

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

There were no changes to benefit terms for fiscal years 2023 through 2025.

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.

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

- 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 – 5 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 6 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – -5.23 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – 8 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 5 percent to 4.93 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from -5.23 percent to 9.62 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 8 percent to 7.73 initial, 4 percent ultimate

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 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

For fiscal year 2022, 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 7.45 percent to 7.0 percent.
- The health care trend assumption rate changed as follows:
 - Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate

For fiscal year 2023, 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 Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Medical Medicare – from -16.18 percent initial, 4 percent ultimate to -68.78 percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from 6.50 percent initial, 4 percent ultimate to 9.00 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to -5.47 percent initial, 3.94 percent ultimate
- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

- The projected salary increases changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent.

For fiscal year 2024, 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 Pre-Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.50 percent initial, 4.14 percent ultimate
 - Medical Medicare – from -68.78 percent initial, 3.94 percent ultimate to -10.94 percent initial, 4.14 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.00 percent initial, 3.94 percent ultimate to -11.95 percent initial, 4.14 percent ultimate
 - Prescription Drug Medicare – from -5.47 percent initial, 3.94 percent ultimate to 1.33 percent initial, 4.14 percent ultimate

For fiscal year 2025, 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 Pre-Medicare – from 7.50 percent initial, 4.14 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Medical Medicare – from -10.94 percent initial, 4.14 percent ultimate to -112.22 percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from -11.95 percent initial, 4.14 percent ultimate to 8.00 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 1.33 percent initial, 4.14 percent ultimate to -15.14 percent initial, 3.94 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2016 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.

For fiscal year 2022, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

Chesapeake Union Exempted Village School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

For fiscal year 2023, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.0 percent to 2.5 percent.

There were no changes to benefit terms for fiscal years 2024 or 2025.

Changes in assumptions

There were no changes in assumptions for fiscal years 2016 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 3.0 percent
- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 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 disabled 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.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.0 percent to 2.4 percent
- Payroll Growth Assumption was reduced from 3.5 percent to 3.25 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among members was updated to the following:
 - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

There were no changes in assumptions for fiscal years 2023 through 2025.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2025.

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

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 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 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% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2018, the following 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 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 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

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

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

- 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.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
 - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
 - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

For fiscal year 2023, 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 increased from 1.92 percent to 3.69 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.27 percent to 4.08 percent.

For fiscal year 2024, 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 increased from 3.69 percent to 3.86 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 4.08 percent to 4.27 percent.
- The medical trend assumption decreased from 7.00 percent to 6.75 percent.

For fiscal year 2025, 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 increased from 3.86 percent to 3.93 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 4.27 percent to 4.88 percent.
- The medical trend assumption increased from 6.75 percent to 7.00 percent.

Chesapeake Union Exempted Village School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures
<u>United States Department of Agriculture</u>			
<i>Passed through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
School Breakfast Program	N/A	10.553	\$169,975
National School Lunch Program	N/A	10.555	354,796
National School Lunch Program-Non-Cash Assistance	N/A	10.555	30,908
Total Child Nutrition Cluster			<u>555,679</u>
Total United States Department of Agriculture			555,679
<u>United States Department of Treasury</u>			
<i>Passed through the Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	3,613
<i>Passed through the Ohio Facilities Construction Commission</i>			
COVID-19 Coronavirus Capital Projects Fund-SARC	ACIC04	21.029	480,372
Total Coronavirus Relief Fund			<u>483,985</u>
Total United States Department of Treasury			483,985
<u>United States Department of Education</u>			
<i>Passed through the Ohio Department of Education and Workforce</i>			
Special Education Cluster (IDEA):			
Special Education-Grants to States	N/A	84.027A	342,612
Special Education-Preschool Grants	N/A	84.173A	3,689
Total Special Education Cluster (IDEA)			<u>346,301</u>
Title I Grants to Local Educational Agencies	N/A	84.010A	467,299
Twenty-First Century Community Learning Centers	N/A	84.287C	434,845
COVID-19 Education Stabilization Fund	N/A	84.425U	184,553
Student Support and Academic Enrichment Program	N/A	84.424A,F	29,943
Total United States Department of Education			<u>1,462,941</u>
Total Federal Financial Assistance			<u><u>\$2,502,605</u></u>

N/A - pass through entity number not available.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Chesapeake Union Exempted Village School District
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2025

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) is a summary of the activity of the School District's federal award programs. The information in this schedule is presented 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

Note 4 – Child Nutrition Cluster

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

Note 5 – Food Donation Program

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

Note 6 – Transfers Between Federal Programs

During fiscal year 2025, the School District made allowable transfers of \$43,078 from the Supporting Effective Instruction State Grants (AL #84.367) program to the Title I Grants to Local Educational Agencies (AL #84.010) program. The schedule shows the School District spent approximately \$43,078 on the Supporting Effective Instruction State Grants program. The amount reported for the Supporting Effective Instruction State Grants program on the schedule excludes the amount transferred to the Title I Grants to Local Educational Agencies. The amount transferred to the Title I Grants to Local Educational Agencies is included as Title I Grants to Local Educational Agencies expenditures when disbursed. The following table shows the gross amount drawn for the Supporting Effective Instruction State Grants program during fiscal year 2025 and the amount transferred to the Title I Grants to Local Educational Agencies program.

Supporting Effective Instruction State Grants	\$43,078
Transfer to Title I Grants to Local Educational Agencies	(43,078)
Supporting Effective Instruction State Grants	<u>\$0</u>



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

Chesapeake Union Exempted Village School District
Lawrence County
10183 County Road 1
Chesapeake, Ohio 45619

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chesapeake Union Exempted Village School District, Lawrence County, Ohio (the School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 11, 2026, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. We also noted the School District had a reappraisal of its capital assets performed, which resulted in an adjustment to previously reported balances.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-002.

School District's Response to Findings

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

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 11, 2026



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

Chesapeake Union Exempted Village School District
Lawrence County
10183 County Road 1
Chesapeake, Ohio 45619

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Chesapeake Union Exempted Village School District's, Lawrence County, Ohio (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Chesapeake Union Exempted Village School District's major federal program for the year ended June 30, 2025. Chesapeake Union Exempted Village School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Chesapeake Union Exempted Village School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Chesapeake Union Exempted Village School District
Lawrence County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance
Page 3

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

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 11, 2026

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**CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster – Federal AL #'s 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 under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2025-001

Material Weakness

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

FINDING NUMBER 2025-001
(Continued)

As of June 30, 2025, the following items were noted:

- Restricted Fund Balance was overstated in the amount of \$951,390 for the Capital Project Improvement Fund; Committed Fund Balance was understated in the amount of \$951,390 for the Capital Project Improvement Fund.
- Intergovernmental Receivable was overstated by \$9,800,807 due to the inclusion of the entire award amount of a reimbursement basis grant in determination. This correspondingly overstated the offsetting entry of Unavailable Revenue on the Balance Sheet and Grants from School Facilities Commission for Capital Construction on the Statement of Activities.
- Final Budgeted Expenditures on the General Fund Budget versus Actual Statement was overstated by \$1,007,000 due to an error in updating the system for Board approved appropriations made before year end.

Additional identified errors were not material and as such, are not listed above and were not adjusted on the financial statements. The amounts of these errors ranged from approximately \$13,440 to \$504,194. However, for those that were material, audit adjustments and reclassification to the financial statements and footnotes were agreed to by management and made. None of these required posting to the School District's accounting system.

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

Officials' Response:

See Corrective Action Plan

FINDING NUMBER 2025-002

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the School District's General Fund had expenditures in excess of appropriations of \$1,658,318 as of June 30, 2025.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The School District Board of Education should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

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Chesapeake Union Exempted Village School District

10183 COUNTY ROAD 1 • CHESAPEAKE, OHIO 45619
(740) 867-3135 FAX (740) 867-3136

Superintendent
Doug Hale

Treasurer
Shelby Davidson

CORRECTIVE ACTION PLAN 2 § CFR 200.511(c) JUNE 30, 2025

Finding Number:	2025-001
Planned Corrective Action:	The appropriate adjustments were made to the financial statements. Those issues identified will be discussed with our compiler and ensure they are corrected for fiscal year 2026.
Anticipated Completion Date:	April 30, 2026
Responsible Contact Person:	Shelby Davidson, Treasurer
Finding Number:	2025-002
Planned Corrective Action:	School District Treasurer will carefully review all Budgetary Documents to ensure there is no Expenditures exceeding Appropriations.
Anticipated Completion Date:	April 30, 2026
Responsible Contact Person:	Shelby Davidson, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT

LAWRENCE 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 5/26/2026

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

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