



OHIO AUDITOR OF STATE
KEITH FABER



**EASTERN LOCAL SCHOOL DISTRICT
MEIGS COUNTY
JUNE 30, 2025**

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**EASTERN LOCAL SCHOOL DISTRICT
MEIGS COUNTY
JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

Eastern Local School District
Meigs County
50008 State Route 681
Reedsville, Ohio 45772

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 Eastern Local School District, Meigs 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 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 Eastern Local School District, Meigs County, Ohio as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows 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 3 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 discussed in Note 3 to the financial statements, during 2025, the School District discovered it's previously reported Net Position was overstated due to the miscalculation of taxes receivable amounts available for advance and delinquencies at June 30, 2024 in the Governmental Activities and General Fund. Our opinion is not modified with respect to this matter.

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

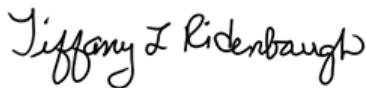
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative 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 March 16, 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

March 16, 2026

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Eastern Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The discussion and analysis of the Eastern Local School District's financial performance provides an overall review of the School District's financial activities 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2025 are as follows:

- Net position of governmental activities decreased \$215,277.
- In 2024, the School District began installing a security project that includes access control system, security cameras and intercom system. This project was completed in 2025, decreasing construction in progress and increasing buildings and improvements.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Eastern Local School District, Ohio
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, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental 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 fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The School District's only fund of this type is the Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.

Fiduciary Funds The School District accounts for resources held for the benefit of parties outside the government as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds. The School District has one custodial fund.

THE SCHOOL DISTRICT AS A WHOLE

Recall that 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.

Eastern Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 1
Net Position

	Governmental Activities		
	2025	2024 *	Change
Assets			
Current and Other Assets	\$10,838,869	\$10,798,285	\$40,584
Net OPEB Asset	616,135	625,745	(9,610)
Capital Assets, Net	7,598,609	7,939,001	(340,392)
<i>Total Assets</i>	<u>19,053,613</u>	<u>19,363,031</u>	<u>(309,418)</u>
Deferred Outflows of Resources			
Pension	1,911,103	1,932,569	(21,466)
OPEB	382,198	458,755	(76,557)
<i>Total Deferred Outflows of Resources</i>	<u>2,293,301</u>	<u>2,391,324</u>	<u>(98,023)</u>
Liabilities			
Current and Other Liabilities	1,860,962	1,696,096	164,866
Long-Term Liabilities:			
Due within One Year	549,044	60,149	488,895
Due in More Than One Year:			
Net Pension Liability	8,547,322	9,354,141	(806,819)
Net OPEB Liability	465,750	749,765	(284,015)
Other Amounts	1,881,281	399,293	1,481,988
<i>Total Liabilities</i>	<u>13,304,359</u>	<u>12,259,444</u>	<u>1,044,915</u>
Deferred Inflows of Resources			
Property Taxes	2,741,087	2,499,251	241,836
Pension	1,018,734	667,689	351,045
OPEB	1,143,733	1,164,479	(20,746)
<i>Total Deferred Inflows of Resources</i>	<u>4,903,554</u>	<u>4,331,419</u>	<u>572,135</u>
Net Position			
Net Investment in Capital Assets	7,558,194	7,834,759	(276,565)
Restricted	1,483,538	1,588,428	(104,890)
Unrestricted (Deficits)	(5,902,731)	(4,259,695)	(1,643,036)
<i>Total Net Position</i>	<u>\$3,139,001</u>	<u>\$5,163,492</u>	<u>(\$2,024,491)</u>

*Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. GASB Statement 100, *Accounting Changes and Error Corrections*, requires information presented in Management Discussion and Analysis for periods earlier than those presented in the basic financial statements to be corrected by restating the information for prior fiscal years; therefore, fiscal year 2024 information has been restated. During 2025, an error in property taxes receivable was identified, which impacted both fiscal year 2024 and fiscal year 2023. This error impacted the balance of taxes receivable, the balance of outstanding delinquencies, the allocation of the balance of taxes receivable related to the amount levied in fiscal year 2024 intended to finance the current year, and the allocation of this same levied amount intended to finance the subsequent year. As a result, property taxes receivable was overstated by \$1,104,188, deferred inflows for property taxes was understated by \$1,240,429, and the cumulative effect of property taxes revenue on unrestricted net position at July 1, 2024, was an overstatement of \$2,344,617.

Eastern Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

For 2025, the School District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections*, does not require Management Discussion and Analysis information for fiscal years prior to periods presented in the basic financial statements to be restated for changes in accounting principles. The implementation of GASB 101 resulted in recognizing additional long-term compensated absences liabilities of \$1,809,214 in governmental activities at July 1, 2024. These amounts also impacted the beginning net position for the cumulative effect of additional compensated absences expense (See Note 3).

The net pension liability is one of the larger liabilities reported by the School District at June 30, 2025. 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.

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.

Each fiscal year, the above referenced changes impact the balance of the net pension/OPEB asset/liability and the related deferred inflows and outflows. During fiscal year 2025, the net pension liability and the net OPEB asset/liability decreased for both STRS and SERS. These changes primarily resulted from increased investment earnings. The decrease in deferred outflows for pension primarily results from the difference between expected and actual experience amounts recognized in 2025 for STRS, offset by the amortization recognized in the current year for both STRS and SERS. The increase in deferred inflows for pension resulted from the difference between projected and actual earnings on investments recognized in the current year, offset by the amortization recognized in the current year. Overall, the changes for deferred outflows/inflows for OPEB were not significant.

Total assets of governmental activities decreased. Capital assets decreased due to current year depreciation/amortization exceeding capital outlay.

Total liabilities increased mainly due to the increase in compensated absences payable and claims payable. These increases were offset by decreases in net pension liability and net OPEB liability.

Eastern Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2025 and 2024.

Table 2
Changes in Net Position

	Governmental Activities		
	2025	2024 *	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$268,340	\$355,082	(\$86,742)
Operating Grants, Contributions, and Interest	2,330,775	3,605,612	(1,274,837)
<i>Total Program Revenues</i>	<u>2,599,115</u>	<u>3,960,694</u>	<u>(1,361,579)</u>
General Revenues:			
Property Taxes	2,393,734	2,464,142	(70,408)
Grants and Entitlements not Restricted	7,467,634	6,843,202	624,432
Investment Earnings/Interest	216,520	328,041	(111,521)
Donations not Restricted	12,968	1,710	11,258
Rent	12,881	29,143	(16,262)
Miscellaneous	53,399	81,475	(28,076)
<i>Total General Revenues</i>	<u>10,157,136</u>	<u>9,747,713</u>	<u>409,423</u>
<i>Total Revenues</i>	<u>12,756,251</u>	<u>13,708,407</u>	<u>(952,156)</u>
Program Expenses			
Instruction:			
Regular	5,293,704	4,975,743	317,961
Special	1,793,037	1,646,746	146,291
Vocational	379,480	296,698	82,782
Student Intervention Services	11,377	107,164	(95,787)
Support Services:			
Pupils	899,670	857,203	42,467
Instructional Staff	87,035	88,792	(1,757)
Board of Education	48,103	38,851	9,252
Administration	676,732	688,319	(11,587)
Fiscal	517,418	574,404	(56,986)
Operation and Maintenance of Plant	1,179,436	1,247,685	(68,249)
Pupil Transportation	922,921	763,394	159,527
Central	135,660	105,794	29,866
Operation of Non-Instructional Services:			
Food Service Operations	511,438	501,171	10,267
Community Services	47,966	31,711	16,255
Extracurricular Activities	466,265	405,975	60,290
Interest	1,286	3,591	(2,305)
<i>Total Expenses</i>	<u>12,971,528</u>	<u>12,333,241</u>	<u>638,287</u>
<i>Change in Net Position</i>	<u>(215,277)</u>	<u>1,375,166</u>	<u>(1,590,443)</u>
<i>Net Position at Beginning of Year - as Restated for Correction</i>	5,163,492	3,788,326	1,375,166
<i>Change in Accounting Principles - See Note 3</i>	<u>(1,809,214)</u>	<u>0</u>	<u>(1,809,214)</u>
<i>Restated Net Position at Beginning of Year</i>	<u>3,354,278</u>	<u>3,788,326</u>	<u>(434,048)</u>
<i>Net Position at End of Year</i>	<u>\$3,139,001</u>	<u>\$5,163,492</u>	<u>(\$2,024,491)</u>

Eastern Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

*Net position beginning of year was restated for corrections by \$2,344,617 to \$5,163,492 at July 1, 2024, and by \$2,320,731 to \$3,788,326 at July 1, 2023. Under GASB 100, *Accounting Changes and Error Corrections*, this change is considered a correction of an error with the information in the 2024 column being restated. The line item net position beginning of year restated for correction has been included in the 2025 and 2024 columns. This same error overstated 2024 property tax revenue in the amount of \$23,886.

The table also separately reflects 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 principles. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3.)

Total revenues decreased, mainly in program revenues from operating grants. In 2025, the Elementary and Secondary School Emergency Relief (ESSER) funding was notably less than in previous fiscal years. The largest change in general revenues is in the grants and entitlements realized from increased funding related to the growing number of students. Total expenses increased from the growing student enrollment and from increased costs from inflation.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Eastern Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 3
Governmental Activities

Program Expenses	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Instruction:				
Regular	\$5,293,704	\$5,043,964	\$4,975,743	\$3,936,931
Special	1,793,037	783,705	1,646,746	467,702
Vocational	379,480	305,854	296,698	237,790
Student Intervention Services	11,377	(8,077)	107,164	(222,998)
Support Services:				
Pupils	899,670	890,386	857,203	841,307
Instructional Staff	87,035	79,336	88,792	58,031
Board of Education	48,103	48,103	38,851	38,851
Administration	676,732	647,230	688,319	656,848
Fiscal	517,418	517,418	574,404	574,404
Operation and Maintenance of Plant	1,179,436	1,158,736	1,247,685	1,226,999
Pupil Transportation	922,921	353,553	763,394	168,795
Central	135,660	111,575	105,794	90,648
Operation of Non-Instructional Services:				
Food Service Operations	511,438	134,064	501,171	88,646
Community Services	47,966	8,797	31,711	(28,581)
Extracurricular Activities	466,265	296,483	405,975	233,583
Interest	1,286	1,286	3,591	3,591
Total	<u>\$12,971,528</u>	<u>\$10,372,413</u>	<u>\$12,333,241</u>	<u>\$8,372,547</u>

The dependence upon tax revenues and State subsidies for governmental activities is apparent. Nearly 80 percent of program expenses are supported through taxes and other general revenues.

THE SCHOOL DISTRICT'S FUNDS

The School District's General Fund is accounted for using the modified accrual basis of accounting. In total, governmental funds decreased.

The General Fund's fund balance decreased from 2024 mainly due to the increase in expenditures. The expenses increased in 2024 due to increases in student enrollment and increases in costs due to inflation. The General Fund also transferred \$153,000 to the Food Service Special Revenue Fund to cover overages and \$325,000 to the Permanent Improvement Capital Projects Fund for capital improvement purposes.

The Permanent Improvement Fund increased mainly due to the decrease in expenditures and the transfer from the General Fund.

Eastern Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

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 the course of fiscal year 2025, the School District amended its General Fund appropriations. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue, including other financing sources, was \$10,538,634 and did not change throughout the year. Final appropriations were higher than the original appropriations. Appropriations were increased in various expenditures. Actual expenditures were below final appropriations of \$11,606,330. The School District's ending General Fund balance was \$3,345,299.

CAPITAL ASSETS

At the end of fiscal year 2025, the School District has \$7,598,609 invested in various capital assets. Table 4 shows fiscal year 2025 balances compared to 2024.

Table 4
Capital Assets
(Net of Depreciation/Amortization)

	Governmental Activities	
	2025	2024
Land	\$23,487	\$23,487
Construction in Progress	0	171,595
Land Improvements	70,280	187,920
Buildings and Improvements	6,155,671	6,449,108
Furniture and Equipment	762,780	622,532
Vehicles	301,653	380,023
Textbooks	244,323	97,014
Intangible Right to Use Equipment	40,415	7,322
Totals	<u>\$7,598,609</u>	<u>\$7,939,001</u>

For additional information on capital assets, see Note 9 to the financial statements.

Eastern Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

LONG-TERM OBLIGATIONS

At June 30, 2025, the School District had the following long-term obligations:

Table 5
Long-Term Obligations

	2025	2024
Lease Payable	\$40,415	\$7,322

For additional information on long-term obligations, see Notes 12 to the basic financial statements.

ECONOMIC FACTORS

Although considered a mid-wealth district, the School District has maintained financial stability primarily from monitoring expenditures and making necessary budget reductions. As indicated in the preceding financial information, the School District is heavily dependent on intergovernmental revenue. Given the current inflationary increases and loss of federal ESSER funding, the current program and staffing levels of the School District will be dependent on increased State, local, and federal funding. The challenge for all school districts is to provide quality education to their students while staying within the restrictions imposed by limited, and in some cases, shrinking funding.

State legislation and the economy of the State greatly impact the financial stability of the School District. The property values within the School District are low. One voted mill will only generate approximately \$126,000.

A building levy in 1996 and the participation in the Ohio School Facility Commission program allowed the School District to construct a K-8 building and renovate our high school. The existing high school was originally constructed in 1955. The School District has been working with the Ohio Facilities Construction Commission and is working to renovate the high school structure and K-8 building.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances 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 Nick Rose, Treasurer at Eastern Local School District, 50008 State Route 681, Reedsville, Ohio 45772.

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Eastern Local School District, Ohio
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,596,444
Cash and Cash Equivalents with Fiscal Agents	1,749,706
Accounts Receivable	103,310
Intergovernmental Receivable	234,014
Prepaid Items	36,274
Materials and Supplies Inventory	34,878
Inventory Held for Resale	2,079
Property Taxes Receivable	3,082,164
Net OPEB Asset	616,135
Nondepreciable Capital Assets	23,487
Depreciable Capital Assets, Net	7,575,122
<i>Total Assets</i>	<u>19,053,613</u>
Deferred Outflows of Resources	
Pension	1,911,103
OPEB	382,198
<i>Total Deferred Outflows of Resources</i>	<u>2,293,301</u>
Liabilities	
Accounts Payable	100,507
Accrued Wages and Benefits Payable	916,800
Intergovernmental Payable	367,643
Claims Payable	476,012
Long-Term Liabilities:	
Due Within One Year	549,044
Due in More Than One Year:	
Net Pension Liability	8,547,322
Net OPEB Liability	465,750
Other Amounts	1,881,281
<i>Total Liabilities</i>	<u>13,304,359</u>
Deferred Inflows of Resources	
Property Taxes	2,741,087
Pension	1,018,734
OPEB	1,143,733
<i>Total Deferred Inflows of Resources</i>	<u>4,903,554</u>
Net Position	
Net Investment in Capital Assets	7,558,194
Restricted for:	
Student Activities	110,308
State Programs	3,160
Classroom Facilities	404,679
Scholarships	328,097
Athletics and Music	17,439
OPEB Plan	616,135
Local Initiatives	3,720
Unrestricted (Deficit)	(5,902,731)
<i>Total Net Position</i>	<u>\$3,139,001</u>

See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense)
				Revenue and
				Changes in
				Net Position
	Expenses	Charges for	Operating Grants,	Governmental
		Services and Sales	Contributions,	Activities
			and Interest	
Governmental Activities				
Instruction:				
Regular	\$5,293,704	\$51,540	\$198,200	(5,043,964)
Special	1,793,037	32,000	977,332	(783,705)
Vocational	379,480	0	73,626	(305,854)
Student Intervention	11,377	0	19,454	8,077
Support Services:				
Pupils	899,670	0	9,284	(890,386)
Instructional Staff	87,035	0	7,699	(79,336)
Board of Education	48,103	0	0	(48,103)
Administration	676,732	0	29,502	(647,230)
Fiscal	517,418	0	0	(517,418)
Operation and Maintenance of Plant	1,179,436	0	20,700	(1,158,736)
Pupil Transportation	922,921	0	569,368	(353,553)
Central	135,660	0	24,085	(111,575)
Operation of Non-Instructional Services:				
Food Service Operations	511,438	33,453	343,921	(134,064)
Community Services	47,966	0	39,169	(8,797)
Extracurricular Activities	466,265	151,347	18,435	(296,483)
Interest	1,286	0	0	(1,286)
<i>Total Governmental Activities</i>	<u>\$12,971,528</u>	<u>\$268,340</u>	<u>\$2,330,775</u>	<u>(10,372,413)</u>
General Revenues				
Property Taxes Levied for General Purposes				2,393,734
Grants and Entitlements not Restricted to Specific Programs				7,467,634
Investment Earnings/Interest				216,520
Donations not Restricted to Specific Programs				12,968
Rent				12,881
Miscellaneous				53,399
<i>Total General Revenues</i>				<u>10,157,136</u>
<i>Change in Net Position</i>				<u>(215,277)</u>
<i>Net Position at Beginning of Year - as Previously Reported</i>				7,508,109
<i>Restatement - See Note 3</i>				<u>(4,153,831)</u>
<i>Restated Net Position at Beginning of Year</i>				<u>3,354,278</u>
<i>Net Position at End of Year</i>				<u><u>\$3,139,001</u></u>

See accompanying notes to the basic financial statements

Eastern Local School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2025*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,577,515	\$942,568	\$998,691	\$5,518,774
Receivables:				
Property Taxes	3,082,164	0	0	3,082,164
Accounts	5,132	0	0	5,132
Intergovernmental	71,815	0	162,199	234,014
Prepaid Items	36,066	0	208	36,274
Inventory Held for Resale	0	0	2,079	2,079
Materials and Supplies Inventory	33,170	0	1,708	34,878
<i>Total Assets</i>	<u>\$6,805,862</u>	<u>\$942,568</u>	<u>\$1,164,885</u>	<u>\$8,913,315</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Liabilities)				
Accounts Payable	\$45,853	\$52,180	\$2,474	\$100,507
Accrued Wages and Benefits Payable	829,754	0	87,046	916,800
Intergovernmental Payable	274,346	0	93,297	367,643
<i>Total Liabilities</i>	<u>1,149,953</u>	<u>52,180</u>	<u>182,817</u>	<u>1,384,950</u>
Deferred Inflows of Resources				
Property Taxes	2,741,087	0	0	2,741,087
Unavailable Revenue	275,466	0	5,795	281,261
<i>Total Deferred Inflows of Resources</i>	<u>3,016,553</u>	<u>0</u>	<u>5,795</u>	<u>3,022,348</u>
Fund Balances				
Nonspendable	69,236	0	1,916	71,152
Restricted	0	0	891,005	891,005
Committed	85,256	0	109,729	194,985
Assigned	107,153	890,388	0	997,541
Unassigned (Deficit)	2,377,711	0	(26,377)	2,351,334
<i>Total Fund Balance</i>	<u>2,639,356</u>	<u>890,388</u>	<u>976,273</u>	<u>4,506,017</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,805,862</u>	<u>\$942,568</u>	<u>\$1,164,885</u>	<u>\$8,913,315</u>

See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balances	\$4,506,017
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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.	7,598,609
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:	
Delinquent Property Taxes	259,059
Intergovernmental Revenues	15,795
Tuition and Fees	6,407
	281,261

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net position.	1,449,542
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The net pension liability, net OPEB asset, and net OPEB liability are not due and payable in the current period; therefore, the asset, liabilities, and related deferred inflows/outflows are not reported in the funds:	
Net OPEB Asset	616,135
Deferred Outflows - Pension	1,911,103
Deferred Inflows - Pension	(1,018,734)
Net Pension Liability	(8,547,322)
Deferred Outflows - OPEB	382,198
Deferred Inflows - OPEB	(1,143,733)
Net OPEB Liability	(465,750)
	(8,266,103)

Compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.	
Lease Payable	(40,415)
Compensated Absences Payable	(2,389,910)
	(2,430,325)

<i>Net Position of Governmental Activities</i>	\$3,139,001
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See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	(Formerly Major) Elementary and Secondary School Emergency Relief	(Formerly Other Governmental Fund) Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,421,425		\$0	\$0	\$2,421,425
Intergovernmental	8,631,299		0	1,114,311	9,745,610
Investment Earnings/Interest	216,520		0	28,317	244,837
Tuition and Fees	80,682		0	0	80,682
Rent	12,881		0	0	12,881
Extracurricular Activities	3,986		0	147,361	151,347
Charges for Services and Sales	0		0	33,453	33,453
Gifts and Donations	14,392		0	28,261	42,653
Miscellaneous	47,107		0	6,445	53,552
<i>Total Revenues</i>	<u>11,428,292</u>		<u>0</u>	<u>1,358,148</u>	<u>12,786,440</u>
Expenditures					
Current:					
Instruction:					
Regular	4,633,962		0	196,342	4,830,304
Special	1,432,409		0	385,478	1,817,887
Vocational	371,967		0	1,108	373,075
Student Intervention	331		0	13,959	14,290
Support Services:					
Pupils	901,636		0	9,058	910,694
Instructional Staff	65,916		0	7,063	72,979
Board of Education	49,286		0	0	49,286
Administration	673,497		0	27,064	700,561
Fiscal	490,559		0	0	490,559
Operation and Maintenance of Plant	1,119,241		0	17,992	1,137,233
Pupil Transportation	942,478		0	11,941	954,419
Central	110,169		0	22,094	132,263
Operation of Non-Instructional Services:					
Food Service Operations	0		0	511,975	511,975
Community Services	17,215		0	30,751	47,966
Extracurricular Activities	326,632		0	196,411	523,043
Capital Outlay	122,966		72,581	1	195,548
Debt Service:					
Principal Retirement	15,048		0	0	15,048
Interest	1,286		0	0	1,286
<i>Total Expenditures</i>	<u>11,274,598</u>		<u>72,581</u>	<u>1,431,237</u>	<u>12,778,416</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>153,694</u>		<u>(72,581)</u>	<u>(73,089)</u>	<u>8,024</u>
Other Financing Source (Use)					
Inception of Capital Lease	48,141		0	0	48,141
Transfers In	0		325,000	153,000	478,000
Transfers Out	(478,000)		0	0	(478,000)
<i>Total Other Financing Source (Use)</i>	<u>(429,859)</u>		<u>325,000</u>	<u>153,000</u>	<u>48,141</u>
<i>Net Change in Fund Balances</i>	<u>(276,165)</u>		<u>252,419</u>	<u>79,911</u>	<u>56,165</u>
<i>Fund Balances at Beginning of Year as Previously Reported</i>	4,155,950	8,361	0	1,525,970	5,690,281
<i>Change in Major and Nonmajor Fund Adjustments - See Note 3</i>	0	(8,361)	637,969	(629,608)	0
<i>Correction of Error - See Note 3</i>	<u>(1,240,429)</u>				<u>(1,240,429)</u>
<i>Adjusted Fund Balances at Beginning of Year</i>	<u>2,915,521</u>	<u>-</u>	<u>637,969</u>	<u>896,362</u>	<u>4,449,852</u>
<i>Fund Balances at End of Year</i>	<u>\$2,639,356</u>		<u>\$890,388</u>	<u>\$976,273</u>	<u>\$4,506,017</u>

See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds	\$56,165
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**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 by which depreciation/amortization exceeded capital outlay in the current period:

Capital Outlay	514,804	
Current Year Depreciation/Amortization	<u>(541,854)</u>	(27,050)

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Loss on Disposal of Capital Assets	(313,342)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	(27,691)	
Intergovernmental Revenue	(5,203)	
Tuition and Fees	2,858	
Miscellaneous	<u>(153)</u>	(30,189)

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

15,048

The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net position.

(48,141)

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

Pension	1,028,775	
OPEB	<u>34,120</u>	1,062,895

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

Pension	(594,467)	
OPEB	<u>184,474</u>	(409,993)

Expenses resulting from compensated absences in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(128,576)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net change of the internal service fund is reported with governmental activities.

(392,094)

Change in Net Position of Governmental Activities

(\$215,277)

See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property Taxes	\$2,312,327	\$2,312,327	\$2,441,604	\$129,277
Intergovernmental	7,818,585	7,818,585	8,615,758	797,173
Interest	250,748	250,748	216,520	(34,228)
Tuition and Fees	88,974	88,974	92,470	3,496
Rent	20,000	20,000	14,919	(5,081)
Gifts and Donations	2,000	2,000	12,968	10,968
Miscellaneous	2,000	2,000	529	(1,471)
<i>Total Revenues</i>	<u>10,494,634</u>	<u>10,494,634</u>	<u>11,394,768</u>	<u>900,134</u>
Expenditures				
Current:				
Instruction:				
Regular	4,895,807	5,037,037	4,705,603	331,434
Special	1,148,197	1,234,446	1,431,933	(197,487)
Vocational	291,606	332,943	363,460	(30,517)
Student Intervention	0	0	331	(331)
Support Services:				
Pupils	920,968	920,968	901,743	19,225
Instructional Staff	84,032	86,258	66,764	19,494
Board of Education	42,750	47,137	48,803	(1,666)
Administration	675,382	682,980	697,157	(14,177)
Fiscal	394,853	490,732	502,820	(12,088)
Operation and Maintenance of Plant	1,212,667	1,301,007	1,155,432	145,575
Pupil Transportation	770,294	944,912	979,621	(34,709)
Central	114,829	114,829	113,067	1,762
Operation of Non-Instructional Services	30,000	30,000	17,025	12,975
Extracurricular Activities	188,625	188,625	275,882	(87,257)
Capital Outlay	204,000	178,122	92,069	86,053
Debt Service:				
Principal	15,048	15,048	15,048	0
Interest	1,286	1,286	1,286	0
<i>Total Expenditures</i>	<u>10,990,344</u>	<u>11,606,330</u>	<u>11,368,044</u>	<u>238,286</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(495,710)</u>	<u>(1,111,696)</u>	<u>26,724</u>	<u>1,138,420</u>
Other Financing Source (Use)				
Refund of Prior Year Expenditures	44,000	44,000	41,528	(2,472)
Transfers Out	0	(325,000)	(478,000)	(153,000)
<i>Total Other Financing Source (Use)</i>	<u>44,000</u>	<u>(281,000)</u>	<u>(436,472)</u>	<u>(155,472)</u>
<i>Net Change in Fund Balance</i>	<u>(451,710)</u>	<u>(1,392,696)</u>	<u>(409,748)</u>	<u>982,948</u>
<i>Fund Balance Beginning of Year</i>	<u>3,516,066</u>	<u>3,516,066</u>	<u>3,516,066</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>238,981</u>	<u>238,981</u>	<u>238,981</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,303,337</u>	<u>\$2,362,351</u>	<u>\$3,345,299</u>	<u>\$982,948</u>

See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2025

	<u>Governmental Activity</u>
	<u>Self-Insurance Internal Service Fund</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$77,670
Cash and Cash Equivalents with Fiscal Agents	1,749,706
Accounts Receivable	<u>98,178</u>
 <i>Total Assets</i>	 <u>1,925,554</u>
 Current Liabilities	
Claims Payable	<u>476,012</u>
 Net Position	
Unrestricted	<u><u>\$1,449,542</u></u>

See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2025*

	<u>Governmental Activity</u>
	<u>Self-Insurance Internal Service Fund</u>
Operating Revenues	
Charges for Services	<u>\$1,939,886</u>
Operating Expenses	
Purchased Services	642,926
Claims	<u>1,760,949</u>
<i>Total Operating Expenses</i>	<u>2,403,875</u>
<i>Operating Loss</i>	(463,989)
Non-Operating Revenue	
Investment Earnings/Interest	<u>71,895</u>
<i>Change in Net Position</i>	(392,094)
<i>Net Position Beginning of Year</i>	<u>1,841,636</u>
<i>Net Position End of Year</i>	<u><u>\$1,449,542</u></u>
See accompanying notes to the basic financial statements	

Eastern Local School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	Governmental Activity
	Self-Insurance Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$1,939,886
Cash Payments for Goods and Services	(642,926)
Cash Payments for Claims	<u>(1,582,806)</u>
<i>Net Cash Used for Operating Activities</i>	<u>(285,846)</u>
Cash Flows from Investing Activities	
Investment Earnings/Interest	<u>71,895</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(213,951)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>2,041,327</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$1,827,376</u></u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities	
Operating Loss	(\$463,989)
Increase in Accounts Receivable	(98,178)
Increase in Claims Payable	<u>276,321</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$285,846)</u></u>
See accompanying notes to the basic financial statements	

Eastern Local School District, Ohio

Statement of Net Position

Custodial Funds

June 30, 2025

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$670</u></u>
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Liabilities

Accounts Payable	<u><u>\$670</u></u>
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See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2025

Additions	
Charges Received for OHSAA	\$4,822
Deductions	
Distributions on Behalf of OHSAA	<u>4,822</u>
<i>Change in Net Position</i>	0
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 - Description of the School District and Reporting Entity

Eastern Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected five-member Board form of government and provides educational services as authorized by State and federal agencies.

The School District serves an area of approximately 115 square miles. It is located in Meigs County, and includes the communities of Reedsville, Tuppers Plains, and Chester, and the Townships of Orange, Olive, Chester, and a portion of Bedford. The School District currently operates two instructional buildings, one administrative building, and one bus garage. It is staffed by 42 classified employees and 63 certificated full-time teaching personnel who provide services to 715 students and other community members.

Reporting Entity

A reporting entity is composed 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 the 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, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. No separate governmental units meet the criteria for inclusion as a component unit.

The School District participates in the Metropolitan Educational Technology Association (META), the Ohio Coalition of Equity and Adequacy of School Funding, and the Coalition of Rural and Appalachian Schools (CORAS), which are defined as jointly governed organizations; the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), which is defined as a group insurance purchasing pool; and the Ohio School Plan (OSP) and the Jefferson Health Self-Insurance Plan, which are defined as risk sharing, claims servicing, and insurance purchasing pools. Additional information concerning these organizations is presented in Note 17.

Note 2 - Summary of Significant Accounting Policies

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

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

A. 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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the 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, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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 fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. 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. There are three categories of funds: governmental, proprietary, and fiduciary.

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

General Fund The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended and transferred according to the general laws of Ohio.

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Permanent Improvement Fund This fund accounts for assigned monies related to acquiring, constructing, or improving capital assets.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

The Elementary and Secondary School Emergency Relief Fund is presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as a formerly major fund, as it no longer meets the quantitative threshold to be a major fund. Other than the beginning fund balance, no amounts are presented in the column as this fund's fiscal year 2025 activity is presented in the nonmajor governmental funds column. Information for the beginning balance is presented to reflect the movement from major to nonmajor. The adjusted balance beginning of year includes a “ - “ to indicate this amount is included with the nonmajor fund.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District's only proprietary fund type is an Internal Service Fund. For proprietary funds, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Self-Insurance Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operations of the School District's self-insurance program for employee health, dental, and prescription drug plan insurance claims.

Fiduciary Funds *Fiduciary* fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The School District has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has one custodial fund that accounts for tournament activities and assets held by the School District as an agent for outside activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the 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, 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

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position.

For the internal service fund, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a Statement of Changes in Fiduciary Net Position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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 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 expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

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 assets 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, OPEB plans, 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, intergovernmental revenues, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 10 and 11)

E. Cash and Cash Equivalents

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

The School District participates in the Jefferson Health Plan insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statements as "cash and cash equivalents with fiscal agents".

During fiscal year 2025, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures its 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.

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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. Investment Earnings/Interest revenue credited to the General Fund during fiscal year 2025 amounted to \$216,520, which includes \$62,288 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. 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 the purchase, and an expenditure/expense is reported in the year in which the services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

H. Capital Assets

All of the School District's capital assets are general capital assets resulting 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 (except for intangible right-to-use lease assets, which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by back trending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. 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 capitalized.

All reported capital assets, except land and construction in progress, are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Eastern Local School District, Ohio
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, Fixtures, and Equipment	5-20 Years
Vehicles	8 Years
Textbooks	5 Years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include copiers and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

I. Compensated Absences

For the School District, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of sporadic events that affect a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the School District, this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee, is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

J. Lease Payable

The School District serves as a lessee in a noncancellable lease, which is accounted for as follows:

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Leases are recognized as a liability on the governmental fund financial statements when due.

L. Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

M. 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 governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes prepaids for all governmental fund types. It also includes prepaid amounts for all governmental fund types.

Restricted The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of the 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. Under Ohio law, amounts paid into any fund, including by transfer, shall have the same constraints placed on the use of funds as those externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes determined 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

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 the use in satisfying those contractual requirements.

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

Unassigned The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

N. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation. The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Restricted net position for the OPEB plan represents the corresponding asset amounts held in trust by the OPEB plan for future benefits.

O. Pensions/Other Postemployment Benefits (OPEB)

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

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. For the fiscal year 2025, the School District reported no extraordinary or special items.

R. Estimates

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

S. Budgetary Process

All funds, other than custodial 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 sets 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 for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer has been authorized to further allocate appropriations to the function and object level within each fund. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the 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 the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect at the time final appropriations were passed by the Board of Education.

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

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 3 - Accounting Changes, Error Corrections, and Restatement of Fund Balance and Net Position

Change in Accounting Principles

For fiscal year 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The effect of implementing the GASB pronouncement is shown in the table on the following page.

GASB 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated its concentrations and constraints but did not have any events that required disclosure.

Changes to or within the Financial Reporting Entity

For fiscal year 2025, the Elementary and Secondary School Emergency Relief Program (ESSER) Special Revenue Fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. The Permanent Improvement Capital Projects Fund presentation was adjusted from nonmajor to major due to meeting the quantitative threshold for a major fund.

Error Correction

During fiscal year 2025, it was determined that property tax revenue was overstated due to the miscalculation of the amounts available for advance and delinquencies at June 30, 2024. These corrections are displayed in the restatement of fund balance and net position below.

Restatement of Fund Balances and Net Position

During 2025, an error in property taxes receivable was identified which impacted both fiscal year 2024 and fiscal year 2023. This error impacted the balance taxes receivable, the balance of outstanding delinquencies, the allocation of the balance of taxes receivable related to amount levied in fiscal year 2024 intended to finance the current fiscal year and the allocation of this same levied amount intended to finance the subsequent fiscal year. As a result, property taxes receivable was overstated by \$1,104,188, deferred inflows for property taxes was understated by \$1,240,429, and the cumulative effect of property taxes revenue on unrestricted net position at July 1, 2024, was an overstatement of \$2,344,617. This same error overstated 2024 property tax revenue and change in net position for fiscal year 2024 in the amount of \$23,886

The following table summarizes the impact of the accounting changes and error corrections referenced above on beginning fund balance and net portion:

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

	06/30/2024 As Previously Reported	Changes to/within Financial Reporting Entity	Change in Accounting Principles GASB 101	Error Corrections Property Tax Revenue	06/30/2024 As Restated/ Adjusted
Government-Wide					
Governmental Activities	\$7,508,109	\$0	(\$1,809,214)	(\$2,344,617)	\$3,354,278
Governmental Funds					
Major Funds:					
General	\$4,155,950	\$0	\$0	(\$1,240,429)	\$2,915,521
ESSER	8,361	(8,361)	0	0	0
Permanent Improvement	0	637,969	0	0	637,969
All Other Governmental Funds	1,525,970	(629,608)	0	0	896,362
Total Governmental Funds	\$5,690,281	\$0	\$0	(\$1,240,429)	\$4,449,852

Note 4 - Fund Deficits

The Federal Grants Special Revenue Fund had a deficit fund balance of \$26,377 as of June 30, 2025. The deficit is the result of the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget 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 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).
3. Encumbrances are treated as expenditures (budget) rather than assigned fund balance (GAAP).
4. Prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Budgetary revenues and expenditures of the Public School Support Fund and the Termination Benefits Fund are reclassified to the General Fund for GAAP reporting.

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements:

Net Change in Fund Balance	
GAAP Basis	(\$276,165)
Revenue Accruals	(92,075)
Expenditure Accruals	25,692
Beginning of Fiscal Year:	
Prepaid Items	19,534
Negative cash advances to other funds	57,348
End of Fiscal year:	
Prepaid Items	(36,066)
To reclassify excess of revenues over expenditures into financial statement fund types	35,736
Encumbrances	<u>(143,752)</u>
Budget Basis	<u>(\$409,748)</u>

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2025, the School District's internal service fund had a cash balance of \$1,749,706 with the Jefferson Health Plan, a claims servicing pool (See Note 17). The balance is held by the claim's administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan as a whole may be obtained from the consortium's fiscal agent.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2025, \$286,468 of the School District's total bank balance of \$536,468 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

Eligible securities pledged to the 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

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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

As of June 30, 2025, the School District had the following investment:

	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>
Net Asset Value Per Share			
STAR Ohio	\$5,200,180	Average 30.4 days	AAAm

Interest Rate Risk: The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years and allows for the withdrawal of funds from approved public depositories or sell negotiable instruments prior to maturity in accord with the law. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization. The School District has no investment policy that would further limit its investment choices.

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's 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 tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 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 statute 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 2025 represents collections of calendar year 2024 taxes. Public utility real property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024, and are collected 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.

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For the Fiscal Year Ended June 30, 2025

The School District receives property taxes from Meigs 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 includes real property and public utility taxes which are 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 amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2025, \$82,018 was available as an advance in the General Fund. At June 30, 2024, \$102,197 was available as an advance in the General Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

	2024 Second- Half Collections		2025 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$94,978,810	74.81%	\$95,563,470	73.66%
Commercial/Industrial and Public Utility Real	5,508,830	4.34%	5,675,800	4.38%
Public Utility Personal	26,467,680	20.85%	28,491,840	21.96%
	<u>\$126,955,320</u>	<u>100.00%</u>	<u>\$129,731,110</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$20.00		\$20.00

Note 8 - Receivables

Receivables at June 30, 2025, consisted of property taxes, accounts (billings for user charged services and student tuition and fees), 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 year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$259,059 as of June 30, 2025.

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A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
Foundation	\$71,815
21st Century	69,184
NSLP Lunch Reimbursement	36,041
Title I-A	20,058
IDEA-B Special Education	17,520
Title II-A	15,793
Title IV-A Student Support	2,336
Miscellaneous	1,267
Total	<u>\$234,014</u>

Note 9 - Capital Assets

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

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	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$23,487	\$0	\$0	\$23,487
Construction in Progress	171,595	0	(171,595)	0
<i>Total Nondepreciable Capital Assets</i>	195,082	0	(171,595)	23,487
<i>Depreciable/Amortizable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	587,361	0	(79,317)	508,044
Buildings and Improvements	13,736,417	156,964	(228,942)	13,664,439
Furniture, Fixtures, and Equipment	1,879,361	26,097	(566,070)	1,339,388
Vehicles	1,240,373	288,567	(306,216)	1,222,724
Textbooks	568,141	166,630	0	734,771
<i>Total Tangible Assets</i>	18,011,653	638,258	(1,180,545)	17,469,366
<i>Intangible Right to Use Lease Assets</i>				
Intangible Right to Use - Equipment	35,098	48,141	(35,098)	48,141
<i>Total Depreciable/Amortizable Capital Assets</i>	18,046,751	686,399	(1,215,643)	17,517,507
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Land Improvements	(399,441)	(38,323)	0	(437,764)
Buildings and Improvements	(7,287,309)	(340,725)	119,266	(7,508,768)
Furniture, Fixtures, and Equipment	(1,256,829)	(67,716)	747,937	(576,608)
Vehicles	(860,350)	(60,721)	0	(921,071)
Textbooks	(471,127)	(19,321)	0	(490,448)
<i>Total Depreciation</i>	(10,275,056)	(526,806) *	867,203	(9,934,659)
<i>Amortization</i>				
<i>Intangible Right to Use Lease Assets</i>				
Intangible Right to Use - Equipment	(27,776)	(15,048) *	35,098	(7,726)
<i>Total Accumulated Depreciation/Amortization</i>	(10,302,832)	(541,854) *	902,301	(9,942,385)
<i>Total Depreciable/Amortizable Capital Assets, Net</i>	7,743,919	144,545	(313,342)	7,575,122
<i>Governmental Activities Capital Assets, Net</i>	\$7,939,001	\$144,545	(\$484,937)	\$7,598,609

Included in the additions and deletions in the above table is a reclass of construction in progress in the amount of \$171,595 to buildings and improvements and furniture, fixtures, and equipment as a result of the completion of the Access Control System project.

*Depreciation/Amortization expense was charged to the governmental activities as follows:

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	Depreciation	Amortization	Total
Instruction:			
Regular	\$223,472	\$0	\$223,472
Special	35,812	0	35,812
Support Services:			
Pupils	18,650	0	18,650
Instructional Staff	19,321	0	19,321
Administration	13,808	0	13,808
Fiscal	12,855	0	12,855
Operation and Maintenance of Plant	85,261	15,048	100,309
Pupil Transportation	89,649	0	89,649
Operation of Non-Instructional Services:			
Food Service Operations	14,759	0	14,759
Extracurricular Activities	13,219	0	13,219
Total	<u>\$526,806</u>	<u>\$15,048</u>	<u>\$541,854</u>

Note 10 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents 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 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

Eastern Local School District, Ohio
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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 proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - 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.

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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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 \$315,525 for fiscal year 2025. Of this amount, \$84,746 is reported as an intergovernmental payable.

Plan Description - 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 service 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.

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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.

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 \$713,250 for fiscal year 2025. Of this amount, \$135,278 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 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:

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04490440%	0.03248269%	
Prior Measurement Date	0.04389510%	0.03217428%	
Change in Proportionate Share	<u>0.00100930%</u>	<u>0.00030841%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,297,127	\$6,250,195	\$8,547,322
Pension Expense	\$240,655	\$353,812	\$594,467

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$87,702	\$393,599	\$481,301
Changes of assumptions	20,550	288,044	308,594
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	56,783	35,650	92,433
School District contributions subsequent to the measurement date	<u>315,525</u>	<u>713,250</u>	<u>1,028,775</u>
Total Deferred Outflows of Resources	<u>\$480,560</u>	<u>\$1,430,543</u>	<u>\$1,911,103</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$3,422	\$3,422
Changes of assumptions	0	216,814	216,814
Net difference between projected and actual earnings on pension plan investments	143,684	537,390	681,074
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	<u>28,509</u>	<u>88,915</u>	<u>117,424</u>
Total Deferred Inflows of Resources	<u>\$172,193</u>	<u>\$846,541</u>	<u>\$1,018,734</u>

\$1,028,775 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 fiscal 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 as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$109,523)	(\$379,930)	(\$489,453)
2027	149,608	550,075	699,683
2028	(4,992)	(182,245)	(187,237)
2029	<u>(42,251)</u>	<u>(117,148)</u>	<u>(159,399)</u>
Total	<u>(\$7,158)</u>	<u>(\$129,248)</u>	<u>(\$136,406)</u>

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Actuarial Assumptions - SERS

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

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

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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:

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	\$3,514,288	\$2,297,127	\$1,272,345

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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

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:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
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 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

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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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$10,082,659	\$6,250,195	\$3,008,588

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System, or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2025, two of the Board of Education members elected Social Security. The contribution rate is 6.2 percent of wages.

Note 11 - Defined Benefit OPEB Plans

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - 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.

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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 \$34,120.

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 \$34,120 for fiscal year 2025, all reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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.

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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 independent 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 expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.04572920%	0.03248269%	
Prior Measurement Date	<u>0.04551080%</u>	<u>0.03217428%</u>	
Change in Proportionate Share	<u>0.00021840%</u>	<u>0.00030841%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$465,750	\$0	\$465,750
Net OPEB Asset	\$0	\$616,135	\$616,135
OPEB Expense	(\$42,214)	(\$142,260)	(\$184,474)

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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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$26,785	\$26,785
Changes of assumptions	199,899	75,837	275,736
Net difference between projected and actual earnings on OPEB plan investments	2,274	0	2,274
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	39,545	3,738	43,283
School District contributions subsequent to the measurement date	<u>34,120</u>	<u>0</u>	<u>34,120</u>
Total Deferred Outflows of Resources	<u>\$275,838</u>	<u>\$106,360</u>	<u>\$382,198</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$502,200	\$66,398	\$568,598
Changes of assumptions	213,949	277,873	491,822
Net difference between projected and actual earnings on OPEB plan investments	0	26,455	26,455
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>55,050</u>	<u>1,808</u>	<u>56,858</u>
Total Deferred Inflows of Resources	<u>\$771,199</u>	<u>\$372,534</u>	<u>\$1,143,733</u>

\$34,120 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 in the year ending June 30, 2026. (Make sure the previous sentence is consistent with the payments subsequent above. If there are no payments subsequent, delete the word “Other” at the beginning of the next sentence.) Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	(\$124,201)	(\$92,904)	(\$217,105)
2027	(93,848)	(41,214)	(135,062)
2028	(74,175)	(52,948)	(127,123)
2029	(61,427)	(49,259)	(110,686)
2030	(60,743)	(39,854)	(100,597)
Thereafter	<u>(115,087)</u>	<u>10,005</u>	<u>(105,082)</u>
Total	<u>(\$529,481)</u>	<u>(\$266,174)</u>	<u>(\$795,655)</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,

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employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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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.

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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$621,061	\$465,750	\$342,334

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	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	\$314,829	\$465,750	\$664,122

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.

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

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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	(\$500,958)	(\$616,135)	(\$716,363)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$723,134)	(\$616,135)	(\$487,454)

Note 12 - Long-Term Obligations

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 7/1/24	Additions	Deductions	Principal Outstanding 6/30/25	Amounts Due within One Year
Net Pension Liability:					
SERS	\$2,425,430	\$0	\$128,303	\$2,297,127	\$0
STRS	6,928,711	0	678,516	6,250,195	0
Total Net Pension Liability	9,354,141	0	806,819	8,547,322	0
Net OPEB Liability - SERS	749,765	0	284,015	465,750	0
Compensated Absences	2,261,334	128,576	0	2,389,910	533,240
Lease Payable	7,322	48,141	15,048	40,415	15,804
Total Long-Term Obligations	\$12,372,562	\$176,717	\$1,105,882	\$11,443,397	\$549,044

Increases and decreases to the compensated absences are presented net on the above table.

There are no repayment schedules for the net pension or OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund and the Food Service, Idea B, Title I, and Title II-A Special Revenue Funds. For additional information related to the net pension or net OPEB liabilities, see Notes 10 and 11.

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The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. The lease will be paid from the General Fund. A summary of the principal and interest amounts for the remaining leases is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$15,804	\$996
2027	16,284	516
2028	8,327	73
	<u>\$40,415</u>	<u>\$1,585</u>

The overall debt margin of the School District as of June 30, 2025, was \$11,675,800, with an unvoted debt margin of \$129,731.

Note 13 - Transfers

The General Fund transferred \$153,000 to the Food Service Special Revenue Fund and \$325,000 to the Permanent Improvement Capital Projects Fund. The transfers were made to use unrestricted revenues collected in the General Fund to finance the programs accounted for in the other funds in accordance with budgetary authorizations.

Note 14 - 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepaid Items	\$36,066	\$0	\$208	\$36,274
Materials and Supplies Inventory	33,170	0	1,708	34,878
<i>Total Nonspendable</i>	<u>69,236</u>	<u>0</u>	<u>1,916</u>	<u>71,152</u>
<u>Restricted for:</u>				
Athletics and Music	0	0	17,439	17,439
State Programs	0	0	3,160	3,160
Local Initiatives	0	0	3,720	3,720
Scholarships	0	0	328,097	328,097
Classroom Facilities	0	0	404,679	404,679
Food Service	0	0	23,602	23,602
Student Activities	0	0	110,308	110,308
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>891,005</u>	<u>891,005</u>
<u>Committed to:</u>				
Termination Benefits	85,256	0	0	85,256
Eagle Express	0	0	2,740	2,740
Educational Foundation	0	0	106,989	106,989
<i>Total Committed</i>	<u>85,256</u>	<u>0</u>	<u>109,729</u>	<u>194,985</u>
<u>Assigned to:</u>				
Public School Support	2,375	0	0	2,375
Capital Improvements	0	890,388	0	890,388
Purchases on Order	104,778	0	0	104,778
<i>Total Assigned</i>	<u>107,153</u>	<u>890,388</u>	<u>0</u>	<u>997,541</u>
Unassigned (Deficit):	<u>2,377,711</u>	<u>0</u>	<u>(26,377)</u>	<u>2,351,334</u>
<i>Total Fund Balances</i>	<u>\$2,639,356</u>	<u>\$890,388</u>	<u>\$976,273</u>	<u>\$4,506,017</u>

Note 15 - Risk Management

A. Property and Liability

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 the Ohio School Plan, through Peoples Bank Insurance Agency, for property, crime insurance, general liability insurance, and fleet insurance. During fiscal year 2025, the School District purchased the following coverage:

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

<u>Ohio Casualty Insurance</u>	
Building and Contents-replacement cost Crime Insurance	\$43,538,590
Forgery or Alterations Coverage	25,000
Employee Theft	25,000
General Liability	
Per occurrence	5,000,000
Aggregate Per Year	7,000,000
Medical Expense	10,000
Education Umbrella Liability Policy For General Liability	
Per occurrence	5,000,000
Aggregate Per Year	7,000,000
Automobile Insurance	5,000,000
Uninsured Motorists	1,000,000
Medical Payments	1,000

Settled claims have not exceeded their commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior fiscal year.

B. Workers' Compensation

For fiscal year 2025, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience, and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the GRP.

C. Medical/Surgical, Dental, and Prescription Drug Insurances

Medical/Surgical, dental, and prescription drug insurance is offered to employees through a self-insurance internal service fund. Three plans are offered to School District employees. Plan A is a traditional preferred provider plan and employees contribute 14% of the cost of the premium which is \$1,173/\$2,514 single/family coverage. Plan B is a HDHP with an HSA. The Board contributes \$100/\$200 to the HSA for certified employees and \$700/\$1,400 for classified employees to cover the high deductible and 100% of the premium which is \$972/\$2,255 single/family. Plan C is also a HDHP with an HSA. The Board contributes \$100/\$200 to the HSA for certified employees and \$700/\$1,400 for classified employees to cover the high deductible. Employees contribute the difference in premium cost between Plan C and Plan B. The premium is \$1,056/\$2,451 single/family. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The School District's stop loss amount per person is \$50,000 for fiscal year 2025. The claims liability of \$476,012 reported in the internal service fund at June 30, 2025, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims cost, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by the incremental claims' adjustment expenses. Changes in claims activity for 2024 and 2025 were:

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

	Balance Beginning of Fiscal Year	Current Fiscal Year Claims	Claim Payments	Balance End of Fiscal Year
2024	\$226,184	\$1,381,870	\$1,408,363	\$199,691
2025	199,691	1,859,127	1,582,806	476,012

Note 16 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work on an eleven or twelve month basis earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than an eleven or twelve month basis do not earn vacation time. Certified and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 245 days for certified employees and up to 250 days for classified employees. Upon retirement, employees received payment for one-fourth of the total sick leave accumulation up to a maximum as follows: 55 and 50 days for having twenty years of service with the school district; 47.5 and 43.75 days for 10 to 19 years of service with the School District for certified and classified employees respectively; 35 and 33.75 days for less than 10 years of service with the School District for certified and classified employees, respectively.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to employees through META, Grady Benefits in the amount of \$40,000 for classified employees and \$25,000 for certified employees. The Superintendent, Treasurer and other administrators have life insurance that is equal to their yearly salaries. The School District pays 100% of the premiums.

Note 17 - Jointly Governed Organizations and Public Entity Risk Pools

A. Jointly Governed Organizations

The School District participates in the **Metropolitan Educational Technology Association (META)**, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by an participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2025, the School District paid \$31,349 for services with META. Financial information can be

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

The **Ohio Coalition of Equity and Adequacy of School Funding** is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members and administrators also serve. Several members serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school district and joint vocational schools pay dues of \$0.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$0.50 per pupil for K-12 district and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility to the Coalition. During fiscal year 2025, the School District paid \$356 to the Coalition. To obtain financial information write to the Ohio Coalition of Equity and Adequacy of School Funding at 100 South Street, Columbus, Ohio 43215.

The **Coalition of Rural and Appalachian Schools (CORAS)** is a jointly governed organization composed of 120 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The CORAS is operated by a fifteen-member board composed of one elected and one appointed (one appointed seat is empty) from each of the eight regions into which the 32 Appalachian counties are divided, one dean appointment from the Ohio University College of Education, and three ex-officio members. The board exercises total control over the operations of the CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The CORAS provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children 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 CORAS is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the CORAS. The School District's membership fee was \$400 for fiscal year 2025. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

B. Insurance Purchasing Pool

The School District participates in the **Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)**, an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as a coordinator of the program. Each year, the participating School District pays an enrollment fee to the GRP to cover the costs of administering the program. See Note 15B.

C. Public Entity Risk Pools

The school district participates in the **Ohio School Plan (OSP)**, a protected self-insurance purchasing pool under the authority of the Ohio Revised Code 2744. Three hundred eighteen school districts participate in the OSP. OSP is governed by a body elected by members. Members agree to jointly participate in coverages of losses and pay all contributions necessary for the specified insurance coverages provided by OSP. These

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

coverages include comprehensive general liability, automobile liability, certain property insurance, cyber insurance, and public officials' errors and omissions liability insurance.

The School District participates in the **Jefferson Health Plan Self-Insurance Plan**, a risk sharing, claims servicing, and insurance purchasing pool composed of over 180 public employer member organizations throughout the States of Ohio, Michigan, and Tennessee. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine-member Board of Directors elected from the assembly. The plan offers medical, dental, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividend to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services.

Note 18 - Set-Asides

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 and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2023	\$0
Current Year Set-aside Requirement	177,619
Qualifying Disbursements	<u>(440,843)</u>
Total	<u><u>(\$263,224)</u></u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

Eastern Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 19 - Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds:	
General Fund	\$143,752
Nonmajor Funds	<u>232,567</u>
Total	<u><u>\$376,319</u></u>

Note 20 - Contingencies

A. 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, if applicable, cannot be determined at this time.

B. Litigation

As of June 30, 2025, the School District is currently not a party to any material legal proceedings.

C. School Foundation

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. As of the date of this report, additional DEW adjustments for fiscal year 2025 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2025 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Note 21 – Subsequent Event

On February 26, 2026, the School District entered into a lease purchase agreement in accordance with Ohio Rev. Code § 3313.375 at a cost not to exceed \$3,100,000 to construct, improve, furnish and equip school facilities.

Eastern Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years **

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.04490440%	0.04389510%	0.04501570%	0.04330500%
School District's Proportionate Share of the Net Pension Liability	\$2,297,127	\$2,425,430	\$2,434,799	\$1,597,828
School District's Covered Payroll	\$2,049,686	\$1,235,086	\$1,237,300	\$1,492,057
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	112.07%	196.38%	196.78%	107.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	18.20%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.0422995%	0.0405198%	0.0391670%	0.0370438%	0.0351723%	0.0361980%
\$2,797,778	\$2,424,370	\$2,243,167	\$2,213,285	\$2,574,288	\$2,065,493
\$1,509,329	\$1,394,163	\$1,180,807	\$1,217,221	\$1,092,321	\$1,127,853
185.37%	173.89%	189.97%	181.83%	235.67%	183.13%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

Eastern Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years **

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.032482690%	0.032174280%	0.032754190%	0.032694600%
School District's Proportionate Share of the Net Pension Liability	\$6,250,195	\$6,928,711	\$7,281,297	\$4,180,299
School District's Covered Payroll	\$4,544,536	\$4,418,814	\$4,259,821	\$4,351,571
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	137.53%	156.80%	170.93%	96.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.032481100%	0.031897220%	0.030870810%	0.032429840%	0.031007840%	0.031461330%
\$7,859,270	\$7,053,877	\$6,787,799	\$7,703,778	\$10,379,259	\$8,694,991
\$3,914,786	\$3,784,900	\$3,637,871	\$3,480,843	\$3,262,621	\$3,282,464
200.76%	186.37%	186.59%	221.32%	318.13%	264.89%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

Eastern Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Nine Fiscal Years (1)**

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.04572920%	0.04551080%	0.04622790%	0.04477900%
School District's Proportionate Share of the Net OPEB Liability	\$465,750	\$749,765	\$649,046	\$847,479
School District's Covered Payroll	\$2,049,686	\$1,235,086	\$1,237,300	\$1,492,057
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	22.72%	60.71%	52.46%	56.80%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.04416580%	0.04165890%	0.03980630%	0.03766830%	0.03571340%
\$959,867	\$1,047,633	\$1,104,335	\$1,010,918	\$1,017,964
\$1,509,329	\$1,394,163	\$1,180,807	\$1,217,221	\$1,092,321
63.60%	75.14%	93.52%	83.05%	93.19%
18.17%	15.57%	13.57%	12.46%	11.49%

Eastern Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
*Last Nine Fiscal Years (1)**

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability/Asset	0.032482690%	0.032174280%	0.032754190%	0.032694600%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$616,135)	(\$625,745)	(\$848,114)	(\$689,339)
School District's Covered Payroll	\$4,544,536	\$4,418,814	\$4,259,821	\$4,351,571
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.56%	-14.16%	-19.91%	-15.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.032481100%	0.031897220%	0.030870810%	0.032429840%	0.031007840%
(\$570,855)	(\$528,295)	(\$496,062)	\$1,265,292	\$1,658,307
\$3,914,786	\$3,784,900	\$3,637,871	\$3,480,843	\$3,262,621
-14.58%	-13.96%	-13.64%	36.35%	50.83%
182.10%	174.70%	176.00%	47.10%	37.30%

Eastern Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$315,525	\$286,956	\$172,912	\$173,222
Contributions in Relation to the Contractually Required Contribution	<u>(315,525)</u>	<u>(286,956)</u>	<u>(172,912)</u>	<u>(173,222)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,253,750	\$2,049,686	\$1,235,086	\$1,237,300
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$34,120	\$32,713	\$35,117	\$31,207
Contributions in Relation to the Contractually Required Contribution	<u>(34,120)</u>	<u>(32,713)</u>	<u>(35,117)</u>	<u>(31,207)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.51%</u>	<u>1.60%</u>	<u>2.84%</u>	<u>2.52%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.51%</u>	<u>15.60%</u>	<u>16.84%</u>	<u>16.52%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$208,888	\$211,306	\$188,212	\$159,409	\$170,411	\$152,925
<u>(208,888)</u>	<u>(211,306)</u>	<u>(188,212)</u>	<u>(159,409)</u>	<u>(170,411)</u>	<u>(152,925)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,492,057	\$1,509,329	\$1,394,163	\$1,180,807	\$1,217,221	\$1,092,321
<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
\$29,347	\$29,658	\$33,027	\$27,725	\$20,888	\$18,372
<u>(29,347)</u>	<u>(29,658)</u>	<u>(33,027)</u>	<u>(27,725)</u>	<u>(20,888)</u>	<u>(18,372)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.97%</u>	<u>1.96%</u>	<u>2.37%</u>	<u>2.35%</u>	<u>1.72%</u>	<u>1.68%</u>
<u>15.97%</u>	<u>15.96%</u>	<u>15.87%</u>	<u>15.85%</u>	<u>15.72%</u>	<u>15.68%</u>

Eastern Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Pension Liability				
Contractually Required Contribution	\$713,250	\$636,235	\$618,634	\$596,375
Contributions in Relation to the Contractually Required Contribution	<u>(713,250)</u>	<u>(636,235)</u>	<u>(618,634)</u>	<u>(596,375)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$5,094,643	\$4,544,536	\$4,418,814	\$4,259,821
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions as STRS did not allocate any employer contributions to postemployment health care. There is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$609,220	\$548,070	\$529,886	\$509,302	\$487,318	\$456,767
<u>(609,220)</u>	<u>(548,070)</u>	<u>(529,886)</u>	<u>(509,302)</u>	<u>(487,318)</u>	<u>(456,767)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,351,571	\$3,914,786	\$3,784,900	\$3,637,871	\$3,480,843	\$3,262,621
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Eastern Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of-living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions, compared with those used in prior years, are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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 was 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.

Amounts reported for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age setback for both males and females. Amounts reported for fiscal year 2016 and prior use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018 through 2021 and fiscal year 2017 and prior are presented below:

Eastern Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Beginning with Fiscal Year 2022	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 2022, 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.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuations, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years, one year setback from age 80 through 89, and no setback from age 90 and above.

Changes in Benefit Term – STRS Pension

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

Eastern Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions, compared with those used in fiscal year 2021 and prior, are presented below:

	Fiscal Year 2022	Fiscal Year 2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2025	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than*

Eastern Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Pension Plans (OPEB), and the long-term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data, and the percentage of future disabled retirees and terminated vested participants electing health coverage was decreased. The assumed mortality, disability, retirement, withdrawal, and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age-based to service-based. Healthcare trends were updated to reflect emerging claims and recovery experience.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, 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 was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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 increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium 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, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. 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 that it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Eastern Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recovery experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recovery experience as well as benefit changes effective January 1, 2024.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recovery experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for fiscal years 2027 and 2028 reflect the assumed impact of the expiration of the current Medicare Advantage contract on December 31, 2028.

**EASTERN LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education and Workforce				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	2025	\$0	\$33,751
Cash Assisatnce				
School Breakfast Program	10.553	2024/2025	0	91,040
National School Lunch	10.555	2024/2025	0	183,387
Cash Assistance Subtotal			<u>0</u>	<u>274,427</u>
Total Child Nutrition Cluster			<u>0</u>	<u>308,178</u>
Total U.S. Department of Agriculture			0	308,178
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Facilities Construction Commission				
Coronavirus State and Local Fiscal Recovery Funds	21.027	OFCC-SS3-34427	<u>0</u>	<u>80,100</u>
Total U.S. Department of Treasury			0	80,100
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education and Workforce				
Title I Grants to Local Educational agencies	84.010A	2024	0	36,346
Title I Grants to Local Educational agencies	84.010A	2025	<u>0</u>	<u>162,718</u>
Total Title I Grants to Local Educational Agencies			0	199,065
Special Education Cluster:				
Special Education - Grants to States	84.027A	2024	0	30,071
Special Education - Grants to States	84.027A	2025	0	161,611
Special Education- Grants to States- Each Child on Track	84.027A	2024	0	2,889
Special Education- Grants to States- Each Child on Track	84.027A	2025	<u>0</u>	<u>22,465</u>
Total Special Education - Grants to States			0	217,037
Special Education - Preschool Grants	84.173A	2025	<u>0</u>	<u>4,355</u>
Total Special Education Cluster			0	221,392
Twenty-First Century Community Learning Centers	84.287A	2024	79,275	83,665
Twenty-First Century Community Learning Centers	84.287A	2025	<u>105,881</u>	<u>112,395</u>
Total Twenty-First Century Community Learning Centers			185,156	196,059
Supporting Effective Instruction State Grants	84.367A	2024	0	625
Supporting Effective Instruction State Grants	84.367A	2025	<u>0</u>	<u>27,040</u>
Total Supporting Effective Instruction State Grants			0	27,665
Student Support and Academic Enrichment	84.424A	2024	0	1,287
Student Support and Academic Enrichment	84.424A	2025	<u>0</u>	<u>13,442</u>
Total Student Support and Academic Enrichment			0	14,729
Education Stabilization Fund:				
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	2023	<u>0</u>	<u>74,072</u>
Total Education Stabilization Fund			<u>0</u>	<u>74,072</u>
Total U.S. Department of Education			<u>185,156</u>	<u>1,121,260</u>
Total Expenditure of Federal Awards			<u>\$185,156</u>	<u>\$1,121,260</u>

The accompanying notes are an integral part of this Schedule.

**EASTERN LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Eastern Local School District, Meigs County (the School District), under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School District passes certain federal awards received from the Ohio Department of Education and Workforce to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - 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 F – FOOD DONATION PROGRAM

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2025 to 2026 programs:

**EASTERN LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2025
(Continued)**

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS (Continued)

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010A	\$780
Special Education -- Grants to States	84.027A	255
Special Education - Grants to States - Each Child on Track	84.027A	2,275
Twenty-First Century Community Learning Centers	84.287A	16,199
Supporting Effective Instruction State Grants	84.367A	5,232

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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**

Eastern Local School District
Meigs County
50008 State Route 681
Reedsville, Ohio 45772

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 Eastern Local School District, Meigs 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 March 16, 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 restated beginning Net Position in the Governmental Activities and General Fund due to previously overstated taxes receivable amounts available for advance and delinquencies.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

March 16, 2026



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

Eastern Local School District
Meigs County
50008 State Route 681
Reedsville, Ohio 45772

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eastern Local School District's, Meigs 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 Eastern Local School District's major federal programs for the year ended June 30, 2025. Eastern Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Eastern Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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 each 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 each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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

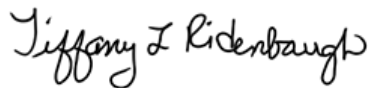
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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



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

March 16, 2026

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**EASTERN LOCAL SCHOOL DISTRICT
MEIGS 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)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): • Child Nutrition Cluster – AL # 10.553 and # 10.555 • Title 1 – Grants to Local Educational Agencies – AL # 84.010A	
(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?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



EASTERN LOCAL SCHOOL DISTRICT

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR § 200.511(b)

JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Material Weakness for financial statement errors requiring audit reclassifications	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



EASTERN LOCAL SCHOOL DISTRICT

MEIGS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/31/2026

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