



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

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EASTWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2024





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Columbus, Ohio 43215  
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Board of Education  
Eastwood Local School District  
P.O. Box 837  
120 E. College Ave.  
Pemberville, Ohio 43450

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

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

KEITH FABER  
Ohio Auditor of State

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

**June 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

Eastwood Local School District  
Wood County  
P.O. Box 837  
120 E. College Ave.  
Pemberville, Ohio 43450

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 Eastwood Local School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Eastwood Local School District, Wood County, Ohio as of June 30, 2024, 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, 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.

Eastwood Local School District

Wood County

Independent Auditor's Report

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***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 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 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 28, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*BHM CPA Group*

BHM CPA Group, Inc.

Portsmouth, Ohio

March 28, 2025

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**Eastwood Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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The discussion and analysis of Eastwood Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. 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 transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

- Net position of governmental activities increased \$1,550,568 from 2023.
- General revenues accounted for \$21,627,209 in revenue or 85.1 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,780,653 or 14.9 percent of total governmental revenues of \$25,407,862.
- The School District had \$23,857,294 in expenses related to governmental activities; only \$3,780,653 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$21,627,209 were adequate to provide for these programs, resulting in an increase in net position.
- The net investment in capital assets increased by \$1,562,423 as related debt decreased during the year.

### **Using this Annual Financial Report**

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

The statement of net position and statement of activities provide information about the activities of the whole 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 present 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 nonmajor funds presented in total in one column. In the case of the School District, the general fund is the most significant fund, and the only governmental fund reported as a major fund.

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## **Reporting the School District as a Whole**

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

*Statement of Net Position and the Statement of Activities* While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2024?" These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 this 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 current property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District's activities are considered to be all Governmental Activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities.

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

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds and proprietary funds.

*Governmental Funds* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**Eastwood Local School District**  
*Management's Discussion and Analysis*  
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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Proprietary Funds* The School District maintains one type of proprietary fund, the internal service fund. The internal service fund is an accounting device used to accumulate and allocate costs internally to the School District's various functions. The School District uses its internal service fund to account for its field trips and other various purposes. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Notes to the Financial Statements.** The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

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

Recall that the statement of net position provides the perspective of the School District as a whole. Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the School District had an increase in net position of \$1,550,568.

Table 1 provides a summary of the School District's net position for 2024 and 2023:

**Eastwood Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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Table 1  
 Net Position  
 Governmental Activities

	<u>2024</u>	<u>2023</u>
<b>Assets:</b>		
Current and other assets	\$ 25,830,186	\$ 25,273,138
Net OPEB asset	1,287,933	1,675,388
Capital assets, net of depreciation	<u>21,823,722</u>	<u>21,790,387</u>
Total assets	<u>48,941,841</u>	<u>48,738,913</u>
<b>Deferred outflows of resources:</b>		
Pension	4,055,479	4,489,400
OPEB	<u>775,625</u>	<u>423,758</u>
Total deferred outflows of resources	<u>4,831,104</u>	<u>4,913,158</u>
<b>Liabilities:</b>		
Current liabilities	2,043,435	2,010,765
Long-term liabilities:		
Due with in one year	1,539,030	1,824,717
Due in more than one year:		
Net pension liability	18,021,031	17,897,260
Net OPEB liability	1,146,248	930,129
Other amounts due in more than one year	<u>1,419,637</u>	<u>2,693,877</u>
Total liabilities	<u>24,169,381</u>	<u>25,356,748</u>
<b>Deferred inflows of resources:</b>		
Property taxes	9,794,472	8,994,463
Pension	1,139,220	1,688,258
OPEB	<u>1,982,429</u>	<u>2,475,727</u>
Total deferred inflows of resources	<u>12,916,121</u>	<u>13,158,448</u>
<b>Net position:</b>		
Net investment in capital assets	20,498,834	18,936,411
Restricted	2,167,046	2,716,101
Unrestricted	<u>(5,978,437)</u>	<u>(6,515,637)</u>
Total net position	<u>\$ 16,687,443</u>	<u>\$ 15,136,875</u>

Net investment in capital assets reported on the government-wide statements represents a large component of net position. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles which are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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A portion of the School District's net position, \$2,167,046 represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets; \$1,901 is restricted for debt service payments, \$318,218 is restricted for various student activities, \$241,733 is restricted for OPEB, \$555,349 is restricted for other purposes and \$1,049,845 is restricted for capital projects. The remaining significant balance of government-wide unrestricted net position happens to be a deficit of (\$5,978,437).

The net pension liability is the largest single liability reported by the School District at June 30, 2024. The School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense equal to its proportionate share of each plan's change in net pension liability and net OPEB liability or asset, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing the accounting standard for pension and OPEB, the School District is reporting a significant net pension liability, net OPEB liability, related deferred inflows of resources and an increase in pension expense for the fiscal year which have a negative effect on net position. In addition, the School District is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to OPEB, which have a positive impact on net position. The increase and decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability or asset that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the School District's net position, additional information is presented in the table below.

Table 2  
Impact of Pension and Other Post-employment Benefits Liabilities

	<u>2024</u>	<u>2023</u>
Deferred outflows of resources for:		
Pension	\$ 4,055,479	\$ 4,489,400
OPEB	775,625	423,758
Deferred inflows of resources for:		
Pension	(1,139,220)	(1,688,258)
OPEB	(1,982,429)	(2,475,727)
Net pension liability	(18,021,031)	(17,897,260)
Net OPEB asset	1,287,933	1,675,388
Net OPEB liability	<u>(1,146,248)</u>	<u>(930,129)</u>
Impact on net position from pension and OPEB reporting	<u>\$ (16,169,891)</u>	<u>\$ (16,402,828)</u>

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*Management's Discussion and Analysis*  
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Table 3 shows change in net position for fiscal years 2024 and 2023.

Table 3  
 Governmental Activities

	2024	2023
<b>Revenue:</b>		
Program revenues:		
Charges for services and sales	\$ 1,725,466	\$ 1,614,808
Operating grants and contributions	2,055,187	2,031,765
Capital grants and contributions	-	59
General revenues:		
Property taxes	9,084,415	8,774,556
Income taxes	2,849,630	2,705,520
Grants and entitlements	7,299,082	7,159,576
Payment in lieu of taxes	1,604,014	1,216,805
Investment earnings	788,946	391,245
Miscellaneous	1,122	6,955
<b>Total revenues</b>	<u>25,407,862</u>	<u>23,901,289</u>
<b>Expenses:</b>		
Instruction:		
Regular	10,331,557	9,456,516
Special	3,195,732	2,941,781
Vocational	144,078	140,017
Other	171,901	119,943
Support services:		
Pupils	809,399	736,922
Instructional staff	271,499	270,835
Board of education	27,926	60,133
Administration	1,624,031	1,713,682
Fiscal	839,927	774,985
Operation and maintenance of plant	2,266,334	2,540,813
Pupil transportation	1,337,902	1,556,050
Central	552,808	601,483
Operation of non-instructional services	858,798	823,461
Extracurricular activities	1,349,563	1,219,121
Interest and fiscal charges	75,839	115,321
<b>Total expenses</b>	<u>23,857,294</u>	<u>23,071,063</u>
Changes in net position	1,550,568	830,226
Beginning net position	<u>15,136,875</u>	<u>14,306,649</u>
Ending net position	<u>\$ 16,687,443</u>	<u>\$ 15,136,875</u>

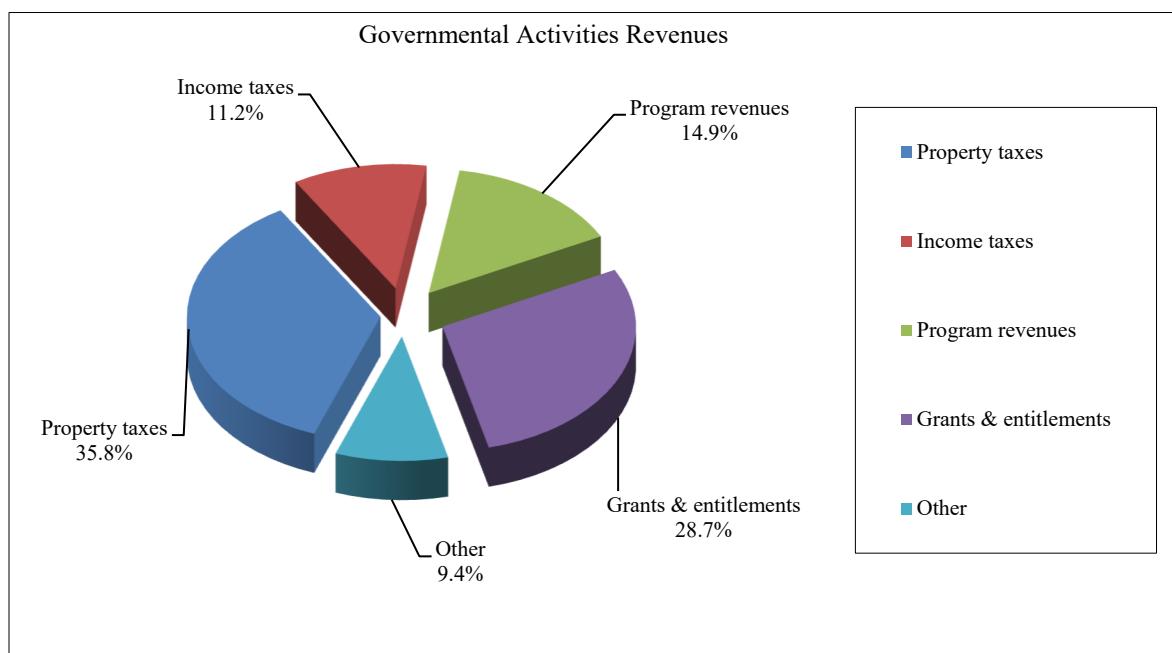
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**Governmental Activities** - Overall, revenues increased by 6.3 percent for fiscal year 2024, when compared to 2023. This increase was partially related to an increase of \$309,859 in property taxes, an increase in payment in lieu of taxes for \$387,209 and an increase in investment earnings for \$397,701. The increase in property tax revenue is due partially to varying amounts available as an advance each year that is recognized as revenue. The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases. Property taxes made up 35.8 percent of revenues for governmental activities for the School District in fiscal year 2024. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receives additional grant and entitlement funds to help offset some operating cost.

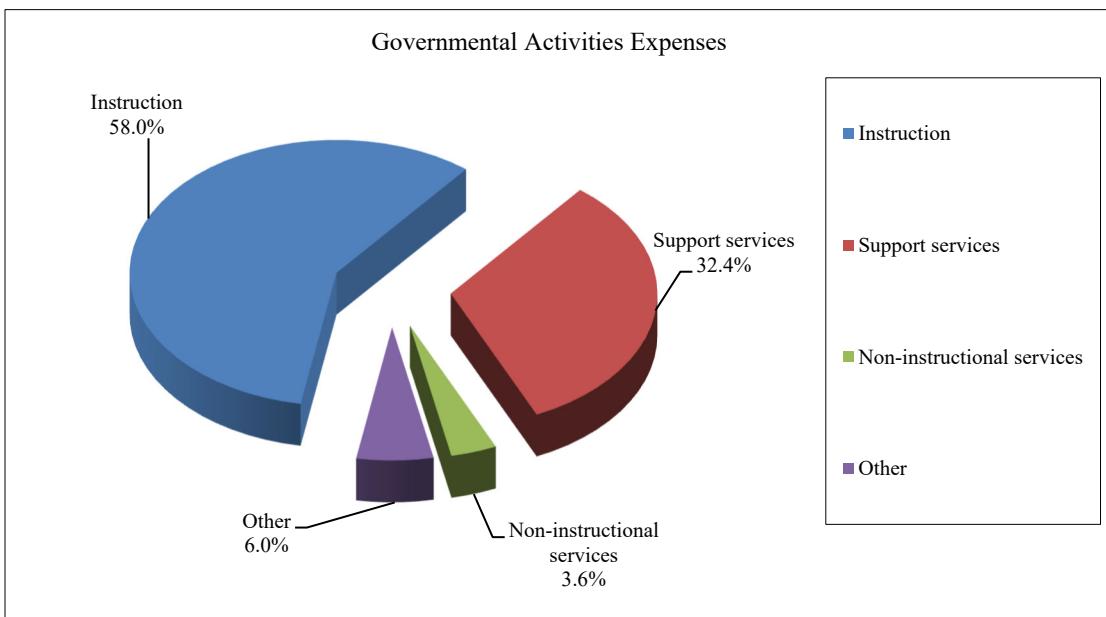
The School District has an income tax which is also a critical revenue used to support operations. For 2024, this revenue amounted to \$2,849,630 or 11.2 percent of total revenues.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service.



Instruction comprises 58.0 percent of governmental program expenses. Additional supporting services for pupils, staff, board of education, administration, fiscal, operation and maintenance of plant, pupil transportation and central encompassed an additional 32.4 percent. The remaining 9.6 percent of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.

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Program expenses for 2024 increased \$786,231 or 3.4 percent from 2023. A review of Table 2 shows that the total cost of instructional services was \$13,843,268, or 58.0% of all governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils as well as the interaction between teacher and pupil.

Pupil service and instructional staff expenses include the activities involved in assisting staff and the content and process of teaching to pupils. Such expenses represent \$1,080,898, or 4.5% of total governmental program expenses.

The board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. Combined, these costs totaled \$2,491,884, or 10.4% of all governmental expenses. These expenses decreased over the prior year by \$56,916. This was in part due to the change in the net pension liability and net OPEB liability and asset as compared to fiscal year end 2023.

Costs associated with the operation and maintenance of plant represent those expenses necessary for the care and upkeep of the School District's buildings, grounds and equipment. Current year expenses of \$2,266,334 made up 9.5% of all governmental expenses.

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. For 2024, this expense is \$1,337,902 or 5.6% of all governmental expenses.

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As noted above, the dependence on general revenue is significant. Only non-instructional services and extracurricular activities have a significant portion of related expenses offset by program revenues. Program revenues in the non-instructional program include cafeteria sales and state and federal subsidies and donated commodities for food service operations. Program revenues in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

### **Financial Analysis of the Governmental Funds**

**Governmental Funds.** Information about the School District's governmental funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$25,395,250 and total expenditures of \$25,724,389. The total governmental fund balance decreased \$294,579. The change in the general fund balance was an increase while the remaining funds, in aggregate, was a decrease as described below.

The general fund is the chief operating fund of the School District. At the end of the current fiscal year, assigned fund balance of the general fund was \$9,938,511, while total fund balance was \$11,844,606 which is an increase of \$244,538 for the current fiscal year. For fiscal year 2024, there was an increase in expenditures from the prior year. However, revenues increased as well and exceeded total expenditures by year-end. This led to the increase in fund balance for the fiscal year.

Table 4 shows fiscal year 2024 balances compared to fiscal year 2023.

Table 4  
Fund Balances

	Fund Balance <u>June 30, 2024</u>	Fund Balance <u>June 30, 2023</u>	Increase/ (Decrease)	Percent <u>Change</u>
General	\$ 11,844,606	\$ 11,600,068	\$ 244,538	2.11 %
Other governmental	<u>1,830,261</u>	<u>2,369,378</u>	<u>(539,117)</u>	<u>(22.75)</u>
Total	<u>\$ 13,674,867</u>	<u>\$ 13,969,446</u>	<u>\$ (294,579)</u>	<u>(2.11) %</u>

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

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For the general fund, final budget basis revenue and other financing source was \$19,702,864 and the original budget estimate and other financing source was \$19,702,864. The final budget for revenue was \$1,846,041 less than actual revenue for fiscal year 2024. The estimated revenue and other financing sources remained the same throughout the year.

The difference between the original budget appropriations and the final amended budget appropriations of the general fund was different within functions but the same in total for the fund. Appropriations for various functions for instruction decreased while functions within support services increased. The predicted transfers out of the general fund ended up being less than originally anticipated.

***Capital Assets and Debt Administration***

***Capital Assets.*** The School District's investment in capital assets for its governmental activities as of June 30, 2024, amount to \$21,835,568 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, furniture, equipment and fixtures, and vehicles.

Table 5  
Capital Assets (Net of Depreciation)  
Governmental Activities

	<u>2024</u>	<u>2023</u>
Land	\$ 261,067	\$ 261,067
Land improvements	486,314	403,616
Buildings and improvements	19,937,758	20,130,312
Furniture, equipment and fixtures	415,239	403,213
Vehicles	735,190	592,179
<b>Total Capital Assets, Net</b>	<b>\$ 21,835,568</b>	<b>\$ 21,790,387</b>

For further information regarding the School District's capital assets, refer to Note 8 to the basic financial statements.

***Debt.*** At June 30, 2024, the School District had \$1,324,888 in notes, certificates of participation, and financed purchases outstanding with \$1,300,062 due within one year. The School District's long-term obligations also include compensated absences, a long-term special assessment, net pension liability and net OPEB liability. Table 6 summarizes the notes, certificates of participation, bonds and financed purchase outstanding:

**Eastwood Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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Table 6  
Outstanding Debt, at Fiscal Year End  
Governmental Activities

	<u>2024</u>	<u>2023</u>
2015 Certificates of participation	\$ 1,240,000	\$ 2,448,976
Energy conservation notes	55,000	110,000
Financed purchase	29,888	-
Total bonds	<u>\$ 1,324,888</u>	<u>\$ 2,558,976</u>

At June 30, 2024, the School District's overall legal debt margin was \$41,000,504 with an unvoted debt margin of \$461,456. The School District is rated Aaa by Moody's Investors Service. The School District has budgeted to meet all of its debt requirements, all of which are to be repaid from the debt service fund. See Note 12, to the basic financial statements for details on the School District's debt.

### **Current Financial Related Activities**

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the constitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the schools is quite strong.

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, 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 questions about this report or need additional financial information, contact Monica Leppelmeier, Treasurer at Eastwood Local School District, 120 E. College Avenue, Pemberville, Ohio 43450.

# Eastwood Local School District

## Statement of Net Position

June 30, 2024

	Governmental Activities
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 13,576,377
Inventory held for resale	9,127
Receivables:	
Accounts	90,647
Intergovernmental	274,648
Property taxes	10,680,653
Income taxes	1,160,570
Accrued interest	38,164
Net OPEB Asset	1,287,933
Capital assets:	
Nondepreciable capital assets	261,067
Depreciable capital assets	32,687,175
Accumulated depreciation	<u>(11,124,520)</u>
Total capital assets	<u>21,823,722</u>
Total assets	<u>48,941,841</u>
<b>Deferred outflows of resources:</b>	
Pension	4,055,479
OPEB	<u>775,625</u>
Total deferred outflows of resources	<u>4,831,104</u>
<b>Liabilities:</b>	
Accounts payable	59,043
Accrued wages	1,638,014
Matured compensated absences payable	36,338
Unearned revenue	13,793
Intergovernmental payable	23,335
Pension obligation payable	269,470
Accrued interest payable	3,442
Long-term liabilities:	
Due within one year	1,539,030
Due in more than one year:	
Net pension liability	18,021,031
Net OPEB liability	1,146,248
Other amounts due in more than one year	<u>1,419,637</u>
Total liabilities	<u>24,169,381</u>
<b>Deferred inflows of resources:</b>	
Property taxes	9,794,472
Pension	1,139,220
OPEB	<u>1,982,429</u>
Total deferred inflows of resources	<u>12,916,121</u>
<b>Net position:</b>	
Net investment in capital assets	20,498,834
Restricted for:	
Capital projects	1,049,845
Debt service	1,901
Various student activities	318,218
OPEB	241,733
Other purposes	555,349
Unrestricted	<u>(5,978,437)</u>
Total net position	<u>\$ 16,687,443</u>

See accompanying notes to the basic financial statements.

**Eastwood Local School District**  
*Statement of Activities*  
*For the Fiscal Year Ended June 30, 2024*

	Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	
				Governmental Activities
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$ 10,331,557	\$ 343,099	\$ 736,214	\$ (9,252,244)
Special	3,195,732	267,448	613,168	(2,315,116)
Vocational	144,078	-	94,217	(49,861)
Other	171,901	-	-	(171,901)
Support services:				
Pupils	809,399	-	188,757	(620,642)
Instructional staff	271,499	7,422	-	(264,077)
Board of education	27,926	-	-	(27,926)
Administration	1,624,031	-	-	(1,624,031)
Fiscal	839,927	-	-	(839,927)
Operation and maintenance of plant	2,266,334	-	-	(2,266,334)
Pupil transportation	1,337,902	-	-	(1,337,902)
Central	552,808	-	-	(552,808)
Operation of non-instructional services	858,798	446,580	392,296	(19,922)
Extracurricular activities	1,349,563	660,917	30,535	(658,111)
Interest and fiscal charges	75,839	-	-	(75,839)
<b>Total governmental activities</b>	<b>\$ 23,857,294</b>	<b>\$ 1,725,466</b>	<b>\$ 2,055,187</b>	<b>(20,076,641)</b>

**General Revenues:**

Property taxes levied for:	
General purposes	8,368,653
Debt service	72,360
Capital outlay	643,402
Income taxes levied for:	
General purposes	2,849,630
Grants and entitlements not restricted to specific programs	7,299,082
Payment in lieu of taxes	1,604,014
Investment earnings	788,946
Miscellaneous	1,122
<b>Total general revenues</b>	<b>21,627,209</b>
Change in net position	1,550,568
Net position beginning of year	15,136,875
<b>Net position end of year</b>	<b>\$ 16,687,443</b>

See accompanying notes to the basic financial statements.

**Eastwood Local School District**

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2024*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 11,570,772	\$ 1,999,560	\$ 13,570,332
Inventory held for resale	-	9,127	9,127
Receivables:			
Accounts	90,647	-	90,647
Intergovernmental	8,699	265,949	274,648
Accrued interest	38,164	-	38,164
Interfund	231,099	-	231,099
Property taxes	10,044,804	635,849	10,680,653
Income taxes	1,160,570	-	1,160,570
Total assets	<u><u>\$ 23,144,755</u></u>	<u><u>\$ 2,910,485</u></u>	<u><u>\$ 26,055,240</u></u>

**Liabilities, deferred inflows of resources and fund balances:**

<b>Liabilities:</b>			
Accounts payable	\$ 15,048	\$ 43,995	\$ 59,043
Accrued wages	1,460,916	177,098	1,638,014
Matured compensated absences payable	36,338	-	36,338
Unearned revenue	-	13,793	13,793
Interfund payable	-	231,099	231,099
Intergovernmental payable	21,366	1,969	23,335
Pension obligation payable	238,205	31,265	269,470
Total liabilities	<u><u>1,771,873</u></u>	<u><u>499,219</u></u>	<u><u>2,271,092</u></u>

**Deferred inflows of resources:**

Property taxes	9,219,899	574,573	9,794,472
Unavailable revenue - delinquent property taxes	83,256	6,432	89,688
Unavailable revenue - other	225,121	-	225,121
Total deferred inflows of resources	<u><u>9,528,276</u></u>	<u><u>581,005</u></u>	<u><u>10,109,281</u></u>

**Fund balances:**

Restricted	-	1,956,298	1,956,298
Assigned	9,938,511	-	9,938,511
Unassigned	1,906,095	(126,037)	1,780,058
Total fund balances	<u><u>11,844,606</u></u>	<u><u>1,830,261</u></u>	<u><u>13,674,867</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 23,144,755</u></u>	<u><u>\$ 2,910,485</u></u>	<u><u>\$ 26,055,240</u></u>

See accompanying notes to the basic financial statements.

**Eastwood Local School District**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2024*

**Total governmental fund balances** \$ 13,674,867

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. 21,823,722

Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable in the funds:

Property taxes	89,688	
Income taxes	225,121	
Total	314,809	

An internal service fund is used by management to charge the costs of field trips and various other functions to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 6,045

The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability, the assets and related deferred inflows/outflows are not reported in the funds:

Deferred outflows - pension	4,055,479	
Deferred inflows - pension	(1,139,220)	
Net pension liability	(18,021,031)	
Deferred outflows - OPEB	775,625	
Deferred inflows - OPEB	(1,982,429)	
Net OPEB liability	(1,146,248)	
Net OPEB asset	1,287,933	
Total	(16,169,891)	

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Certificates of participation, including premium	(1,240,000)	
Energy conservation notes	(55,000)	
Compensated absences	(1,144,555)	
Special assessment payable	(489,224)	
Financed purchase	(29,888)	
Accrued interest payable	(3,442)	
Total	(2,962,109)	

**Net position of governmental activities** \$ 16,687,443

See accompanying notes to the basic financial statements.

**Eastwood Local School District**  
*Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 Governmental Funds*  
*For the Fiscal Year Ended June 30, 2024*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 8,372,871	\$ 720,158	\$ 9,093,029
Income taxes	2,828,404	-	2,828,404
Payment in lieu of taxes	1,442,000	162,014	1,604,014
Intergovernmental	7,666,976	1,654,285	9,321,261
Interest	788,946	-	788,946
Tuition and fees	570,978	-	570,978
Extracurricular activities	46,789	661,119	707,908
Gifts and donations	-	33,008	33,008
Charges for services	-	446,580	446,580
Miscellaneous	1,122	-	1,122
<b>Total revenues</b>	<b>21,718,086</b>	<b>3,677,164</b>	<b>25,395,250</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	9,477,968	445,309	9,923,277
Special	2,359,196	812,836	3,172,032
Vocational	140,580	3,886	144,466
Other	171,901	-	171,901
Support services:			
Pupils	801,277	-	801,277
Instructional staff	285,336	1,413	286,749
Board of education	28,017	-	28,017
Administration	1,633,863	2,683	1,636,546
Fiscal	888,998	6,484	895,482
Operation and maintenance of plant	1,533,416	544,244	2,077,660
Pupil transportation	1,241,938	35,853	1,277,791
Central	554,866	11,163	566,029
Operation of non-instructional services	-	811,086	811,086
Extracurricular activities	734,340	620,721	1,355,061
Capital outlay	281,589	651,602	933,191
Debt service:			
Principal retirement	-	1,559,672	1,559,672
Interest and fiscal charges	-	84,152	84,152
<b>Total expenditures</b>	<b>20,133,285</b>	<b>5,591,104</b>	<b>25,724,389</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,584,801</b>	<b>(1,913,940)</b>	<b>(329,139)</b>
<b>Other financing sources (uses):</b>			
Financed purchase	-	34,560	34,560
Transfers in	1,811	1,348,360	1,350,171
Transfers out	(1,342,074)	(8,097)	(1,350,171)
<b>Total other financing sources (uses)</b>	<b>(1,340,263)</b>	<b>1,374,823</b>	<b>34,560</b>
<b>Net change in fund balances</b>	<b>244,538</b>	<b>(539,117)</b>	<b>(294,579)</b>
<b>Fund balances at beginning of year</b>	<b>11,600,068</b>	<b>2,369,378</b>	<b>13,969,446</b>
<b>Fund balances at end of year</b>	<b>\$ 11,844,606</b>	<b>\$ 1,830,261</b>	<b>\$ 13,674,867</b>

See accompanying notes to the basic financial statements.

**Eastwood Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2024*

**Net change in fund balances - total governmental funds** \$ (294,579)

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 capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	933,191
Depreciation expense	<u>(899,856)</u>
Excess of capital outlay over depreciation expense	33,335

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

Property taxes	(8,614)
Income taxes	<u>21,226</u>
Net change in deferred inflows of resources during the year	12,612

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

Pension	1,670,134
OPEB	43,832

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

Pension	(1,678,788)
OPEB	197,759

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

Note issues	55,000
Refunding bonds	295,000
Certificates of participation	1,205,000
Finanaced purchase	<u>4,672</u>
Total expenditures	1,559,672

Financed purchases provide current financial resources and are reported as a financing source in the governmental funds but are not reported as such in the statement of activities.

Financed purchase	(34,560)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(9,930)
Decrease in accrued interest	4,337
Decrease in special assessment	40,769
Amortization of premium	<u>3,976</u>
Total additional expenditures	39,152

The internal service fund is used by management to charge the costs of field trips and various other functions to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.

	1,999
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**Change in net position of governmental activities**

\$ 1,550,568

See accompanying notes to the basic financial statements.

**Eastwood Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual - General Fund  
 For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 8,156,000	\$ 8,156,000	\$ 8,369,963	\$ 213,963
Income taxes	2,617,411	2,617,411	2,766,911	149,500
Intergovernmental	7,374,271	7,374,271	7,658,277	284,006
Interest	120,000	120,000	719,052	599,052
Tuition and fees	304,765	304,765	484,132	179,367
Rent	150	150	-	(150)
Payment in lieu of taxes	1,053,000	1,053,000	1,442,000	389,000
Miscellaneous	9,100	9,100	1,122	(7,978)
<b>Total revenues</b>	<b>19,634,697</b>	<b>19,634,697</b>	<b>21,441,457</b>	<b>1,806,760</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	14,833,838	14,755,525	9,366,154	5,389,371
Special	3,517,510	3,484,022	2,289,541	1,194,481
Vocational	210,484	210,333	140,226	70,107
Other	182,941	181,272	171,901	9,371
Support services:				
Pupils	855,031	859,031	806,650	52,381
Instructional staff	415,606	415,631	293,243	122,388
Board of education	51,665	52,665	28,017	24,648
Administration	2,632,127	2,665,215	1,658,866	1,006,349
Fiscal	917,074	920,272	877,671	42,601
Operation and maintenance of plant	2,652,434	2,655,081	1,565,037	1,090,044
Pupil transportation	2,263,746	2,250,512	1,572,246	678,266
Central	649,925	727,787	549,948	177,839
Operation of non-instructional services	29,308	29,308	-	29,308
Extracurricular activities	750,243	755,278	730,456	24,822
<b>Total expenditures</b>	<b>29,961,932</b>	<b>29,961,932</b>	<b>20,049,956</b>	<b>9,911,976</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(10,327,235)</b>	<b>(10,327,235)</b>	<b>1,391,501</b>	<b>11,718,736</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	-	-	7,350	7,350
Refund of prior year expenditures	20,000	20,000	98,713	78,713
Advances in	48,167	48,167	1,385	(46,782)
Transfers out	(1,365,374)	(1,365,374)	(1,342,074)	23,300
<b>Total other financing sources (uses)</b>	<b>(1,297,207)</b>	<b>(1,297,207)</b>	<b>(1,234,626)</b>	<b>62,581</b>
<b>Net change in fund balance</b>	<b>(11,624,442)</b>	<b>(11,624,442)</b>	<b>156,875</b>	<b>11,781,317</b>
<b>Fund balance at beginning of year</b>	<b>11,610,250</b>	<b>11,610,250</b>	<b>11,610,250</b>	<b>-</b>
Prior year encumbrances appropriated	14,192	14,192	14,192	-
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,781,317</b>	<b>\$ 11,781,317</b>

See accompanying notes to the basic financial statements.

**Eastwood Local School District***Statement of Fund Net Position**Proprietary Fund**June 30, 2024*

	Governmental- Activities Internal Service Fund
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents	<u><u>\$ 6,045</u></u>
<b>Liabilities:</b>	
Total liabilities	-
<b>Net position:</b>	
Unrestricted	<u><u>6,045</u></u>
Total liabilities and net position	<u><u>\$ 6,045</u></u>

See accompanying notes to the basic financial statements.

**Eastwood Local School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2024*

	Governmental- Activities Internal Service Fund
<u><b>Operating revenues:</b></u>	
Other revenues	<u>\$ 33,201</u>
<u><b>Operating expenses:</b></u>	
Other	<u>31,202</u>
Total operating expenses	<u>31,202</u>
Operating income before transfers	1,999
Transfers in	600
Transfers out	<u>(600)</u>
Total transfers	<u>-</u>
Change in net position	1,999
Net position beginning of year	<u>4,046</u>
Net position end of year	<u>\$ 6,045</u>

See accompanying notes to the basic financial statements.

**Eastwood Local School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2024*

	Governmental- Activities Internal Service Fund
<b><u>Cash flows from operating activities:</u></b>	
Cash received from other operating sources	\$ 33,201
Cash payments for other operating expenses	<u>(31,202)</u>
Net cash provided by operating activities	<u>1,999</u>
<b><u>Cash flows from noncapital financing activities:</u></b>	
Transfer in	600
Transfer out	<u>(600)</u>
Net cash provided by noncapital financing activities	<u>-</u>
Net increase in cash and cash equivalents	1,999
Cash and cash equivalents at beginning of year	<u>4,046</u>
Cash and cash equivalents at end of year	<u>\$ 6,045</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	<u>\$ 1,999</u>
Net cash provided by operating activities	<u>\$ 1,999</u>

See accompanying notes to the basic financial statements.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the School District**

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

The School District was established through the consolidation of existing land areas and school districts. The School District serves an area of approximately 27 square miles. It is located in Wood County, and includes the territories of the Villages of Pemberville and Luckey and the Townships of Freedom, Troy, Webster, Middleton, and Perrysburg. It is staffed by 65 non-certificated employees and 102 certificated full-time teaching and support personnel who provide services to 1,471 students and other community members. The School District currently operates 3 instructional buildings, 1 administrative building, and a garage.

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.

**B. Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government 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 of the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Based on the above description, there are no component units within the School District.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

The School District is associated with the Northwest Ohio Area Computer Services Cooperative, the Penta County Vocational School and the Ohio Schools Council, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 14.

The School District is associated with an organization which is defined as an insurance rating pool. This organization is the Ohio Association of School Business Officials Worker's Compensation Group Rating Plan. Information regarding this organization is presented in Note 15.

**C. 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 effect of interfund activity, within governmental type activities columns has been removed from these statements. However, the services provided and used are not eliminated in the process of consolidation.

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*

Fund financial statements report detailed information about the School District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is represented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

#### **D. Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate “fund types.”

##### *Governmental Fund Types:*

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

**General Fund** The general fund is the operating fund of the School District and is used to account for 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 or transferred according to the general laws of Ohio.

The other governmental funds of the School District account for grants and other resources of the School District to which the School District is bound to observe constraints imposed upon the use of the resources.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
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*Proprietary Fund Types:*

Proprietary fund reporting focuses on the determination of the changes in net position, financial position and cash flows and are classified as internal service.

**Internal Service Fund** The only internal service fund carried on the financial records is related to field trips and miscellaneous rotary fund.

**E. Measurement Focus and Basis of Accounting**

*Measurement Focus:*

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

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

*Basis of Accounting:*

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from income taxes is recognized in the fiscal year in which the income is earned (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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Note 10.

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In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance year 2025 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position.

**Expenditures/Expenses**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the statement of activities as an expense with a like amount reported within the “Operating Grants, Contributions and Interest” program revenue account. Unused donated commodities are reported in the account “Inventory held for resale” within the basic financial statements.

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

**F. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entail the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made of resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**Eastwood Local School District**  
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*For the Fiscal Year Ended June 30, 2024*

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Wood County Budget Commission for rate determination.

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the first and final amended certificate issued during fiscal year 2024.

*Appropriations:*

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures which appear in the statements of budgetary comparisons represent the first and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

*Lapsing of Appropriations:*

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as an assigned fund balance for subsequent - year expenditures for governmental funds.

**G. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including custodial funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. During fiscal year 2024, investments were limited to certificates of deposits, commercial paper, U.S. treasury bills, government-sponsored enterprise investments and an interest in STAR Ohio, the State Treasurer's Investment Pool. The government-sponsored enterprise (GSE) investments, which are not backed by the full faith and credit of the federal government, were held as investments at year-end by the School District. The GSE investments held were issued from Federal Home Loan Bank (FHLB) and Federal Home Loan Mortgage Corporation (FHLMC).

The School District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2024, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

For purposes of the statement of cash flows and for presentation on the balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
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**H. Inventory**

On the government-wide financial statements supply inventories are presented at cost on a first-in, first-out basis and is expended/expensed when used.

On fund financial statements, inventories held for resale, are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories consist of donated food, purchased food, school supplies held for resale and expensed when used.

**I. Bond Premiums**

In governmental fund types, bond premiums are recognized in the current period. On the statement of net position, bond premiums are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

**J. Capital Assets and Depreciation**

General capital assets are those assets resulting from expenditures in governmental funds. These assets are reported in the government activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the dates 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. 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:

Description	Governmental Activities Estimated Lives
Land improvements	20 years
Building and improvements	20 - 50 years
Furniture, equipment and fixtures	5 - 20 years
Vehicles	8 years

**K. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a nonreimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

**Eastwood Local School District**  
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**L. Interfund Assets/Liabilities**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities’ statement of net position.

**M. Pension and other postemployment benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, 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.

The current accounting standard requires school districts to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the School District’s proportionate share of each plan’s collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The School District has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
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**N. Compensated Absences**

Vacation benefits are accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

For the governmental fund financial statements, upon the occurrence of employee resignations and retirements, compensated absences are recognized as liabilities and expenditures to the extent payments come due and payable as of June 30, 2024. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The remaining compensated absences are recorded as long term liabilities on the Statement of Net Position.

**O. 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 are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**P. Fund Balance**

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

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
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Nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

Assigned fund balance classifications are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

#### Q. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
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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 from them are not presented on the financial statements.

**R. 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, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for "other purposes" have external restrictions imposed through state and federal grantors.

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

**S. Estimates**

The preparation of the 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.

**T. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues include amounts for field trips and miscellaneous rotary activity. Operating expenses are necessary costs occurred to provide the good or service that is the primary activity of the fund.

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*Notes to the Basic Financial Statements*  
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**NOTE 2 – FUND BALANCES**

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

Fund Balances	General	Other	Total Governmental Funds
		Governmental Funds	
<b>Restricted for</b>			
Special trusts	\$ -	\$ 25,204	\$ 25,204
Food service	-	198,164	198,164
Instructional programs	-	365,956	365,956
Vocational education	-	-	-
Facilities maintenance	-	-	-
Student wellness	-	-	-
Debt service payments	-	5,343	5,343
Capital improvements	-	1,043,413	1,043,413
Various student activity	-	318,218	318,218
Total restricted	-	<u>1,956,298</u>	<u>1,956,298</u>
<b>Assigned</b>			
Public school support	29,334		29,334
Encumbrances	5,003	-	5,003
Next years budget	<u>9,904,174</u>	-	<u>9,904,174</u>
Total assigned	<u>9,938,511</u>	-	<u>9,938,511</u>
Unassigned (deficit)	<u>1,906,095</u>	<u>(126,037)</u>	<u>1,780,058</u>
Total fund balances	<u>\$ 11,844,606</u>	<u>\$ 1,830,261</u>	<u>\$ 13,674,867</u>

**NOTE 3 - 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 Balance - Budget (Non- GAAP Budget Basis) and Actual 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**Eastwood Local School District**  
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2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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

Net Change in Fund Balance		
	<u>General</u>	
GAAP basis	\$ 244,538	
Revenue accruals	(36,931)	
Advances in	1,385	
Expenditure accruals	(39,142)	
Budgeted as part of special revenue fund:		
Revenues	(133,635)	
Transfers in	(1,811)	
Expenditures	130,967	
Encumbrances (Budget Basis) outstanding at year end	<u>(8,496)</u>	
Budget basis	<u>\$ 156,875</u>	

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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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 within five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

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.

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All interest is legally required to be placed in the general fund, and other funds as approved by a Board resolution. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$788,946, which includes \$165,958 assigned from other School District funds.

**Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must provide security for the repayment of all public deposits. These institutions shall give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC). The security for these deposits will be made under an agreement using a surety bond and/or by means of pledging allowable securities as collateral to be held by a qualified trustee. The pledged collateral must have a market value of at least 105% of the total value of public monies on deposit for each public depositor or a pool of collateral authorized by the Ohio Pooled Collateral System (OPCS) can be used for multiple public depositors and at the institution. If the institution participates in the OPCS, the total market value of the securities pledged can be 102% or lower if permitted by the Treasurer of State.

**Investments**

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

<u>Investment Maturities (in Years)</u>					
Investment Type	Fair Value	Less than 1 year	1 - 2 years	More than 2 years	Percentage of Portfolio
<b>Government Sponsored Enterprise Bonds:</b>					
Federal Home Loan Mortgage Corp.	\$ 495,050	\$ 495,050	\$ -	\$ -	4.50%
Federal Home Loan Bank	1,281,618	787,523	494,095	-	11.65%
<b>Total</b>	<b>1,776,668</b>	<b>1,282,573</b>	<b>494,095</b>	<b>-</b>	
<b>Other investments:</b>					
Various negotiable certificates of deposit	2,030,501	1,074,222	485,351	470,928	18.45%
U.S. Treasuries - treasury bill discounted	1,045,500	1,045,500	-	-	9.50%
Star Ohio	6,150,591	6,150,591	-	-	55.90%
<b>Total other investments</b>	<b>9,226,592</b>	<b>8,270,313</b>	<b>485,351</b>	<b>470,928</b>	
<b>Total investments</b>	<b>\$11,003,260</b>	<b>\$ 9,552,886</b>	<b>\$ 979,446</b>	<b>\$ 470,928</b>	<b>100.00%</b>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. As previously discussed, Star Ohio is reported at its net asset value.

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Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's negotiable certificate of deposit is a registered security and covered in full by FDIC insurance. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's (S&P) has assigned FHLMC and FHLB an Aaa rating and each of the commercial paper issuers a rating of A1 or A1+. S&P has assigned Star Ohio an AAAm rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in FHLB securities. The investment in various negotiable certificates of deposit and commercial paper do not exceed 5% of total investments for any single issuer. These investments are presented in the table on the previous page. The investment in STAR Ohio is a pooled investment and not of a single issuer. The School District's policy does not specify stricter limits than allowed by law.

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utility) located in the School District. Real property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected in 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Wood 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, 2024, are available to finance fiscal year 2024 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 property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2024, was \$741,649 in the general fund and \$54,844 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2023, was \$738,741 in the general fund, \$24,995 in the Bond Retirement debt service fund, and \$91,636 in the Permanent Improvement capital projects fund. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been recorded as a deferred inflow of resources.

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

<u>Property Category</u>	<u>2023 Assessed Value</u>	<u>2022 Assessed Value</u>
<b>Real Property</b>		
Residential and agricultural	\$ 295,710,970	\$ 229,776,480
Commercial, industrial and minerals	27,423,500	24,885,100
Public utilities	373,230	328,890
<b>Tangible Personal Property</b>		
Public utilities	<u>132,605,200</u>	<u>135,890,830</u>
Total	<u>\$ 456,112,900</u>	<u>\$ 390,881,300</u>

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2024, consisted of taxes, accounts, interfund, interest and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

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The general fund and the nonmajor governmental funds reported intergovernmental receivables in the amount of \$8,699, and \$265,949, respectively.

**NOTE 7 - INCOME TAXES**

The School District levies a voted tax of one percent for general operations on the earned income of residents and of estates. A one percent earned income tax was passed in 2007 and renewed in 2021 for calendar years 2022 through 2026 with the option to renew. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**NOTE 8 - CAPITAL ASSETS**

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

	Balance 7/1/2023	Addition	Deletion	Balance 6/30/2024
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 261,067	\$ -	\$ -	\$ 261,067
Capital assets, being depreciated:				
Land improvements	643,461	121,406	-	764,867
Buildings and improvements	28,343,036	409,287	-	28,752,323
Furniture, equipment and fixtures	1,073,080	120,906	-	1,193,986
Vehicles	1,846,521	281,592	(152,114)	1,975,999
<b>Total capital assets, being depreciated</b>	<b>31,906,098</b>	<b>933,191</b>	<b>(152,114)</b>	<b>32,687,175</b>
Less: Accumulated depreciation:				
Land improvements	(239,845)	(30,069)	-	(269,914)
Buildings and improvements	(8,212,724)	(670,738)	-	(8,883,462)
Furniture, equipment and fixtures	(669,867)	(60,468)	-	(730,335)
Vehicles	(1,254,342)	(138,581)	152,114	(1,240,809)
<b>Total accumulated depreciation</b>	<b>(10,376,778)</b>	<b>(899,856)</b>	<b>152,114</b>	<b>(11,124,520)</b>
<b>Total capital assets, being depreciated, net</b>	<b>21,529,320</b>	<b>33,335</b>	<b>-</b>	<b>21,562,655</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 21,790,387</b>	<b>\$ 33,335</b>	<b>\$ -</b>	<b>\$ 21,823,722</b>

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 474,677
Special	30,499
Support services:	
Administration	25,865
Operation and maintenance of plant	249,508
Pupil transportation	73,618
Food service	<u>45,689</u>
Total depreciation expense	<u><u>\$ 899,856</u></u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2024, the School District contracted with Ohio Schools Plan for property insurance with a \$1,000 maximum deductible and general liability insurance with limits of \$11,000,000 per occurrence, \$13,000,000 aggregate, with a \$2,500 maximum deductible. Vehicle liability is insured by Ohio Schools Plan the amount of \$11,000,000, with a \$1,000 maximum deductible. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

All employees including the treasurer are covered under the employee dishonesty coverage for the district, in lieu of a bond.

The School District pays the State Worker's Compensation System, a premium based on a calculated rate. This rate is calculated based on accident history and administrative costs.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS**

**Net Pension Liability/Net OPEB Liability (Asset)**

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions/OPEB are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

**A. DEFINED BENEFIT PENSION PLANS**

School Employees Retirement System

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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before <u>August 1, 2017*</u>	Eligible to Retire after <u>August 1, 2017</u>
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 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.

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An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2022, the Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$378,224 for fiscal year 2024. Of this amount \$28,978 is reported as a pension obligation payable.

**State Teachers Retirement System**

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

**Funding Policy – Employer and member contribution rates** are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,291,910 for fiscal year 2024. Of this amount \$196,661 is reported as a pension obligation payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.0649611%	0.0647035%	
Proportion of the net pension liability - current measurement date	<u>0.0680496%</u>	<u>0.0662223%</u>	
Change in proportionate share	<u><u>0.0030885%</u></u>	<u><u>0.0015189%</u></u>	
Proportionate share of the net pension liability	\$3,760,098	\$14,260,933	\$18,021,031
Pension expense	\$412,264	\$1,266,524	\$1,678,788

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 161,617	\$ 519,924	\$ 681,541
Changes of assumptions	26,635	1,174,465	1,201,100
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	124,446	378,258	502,704
School District contributions subsequent to the measurement date	<u>378,224</u>	<u>1,291,910</u>	<u>1,670,134</u>
Total deferred outflows of resources	<u><u>\$ 690,922</u></u>	<u><u>\$ 3,364,557</u></u>	<u><u>\$ 4,055,479</u></u>
<b>Deferred inflows of resources</b>			
Difference between expected and actual experience	\$ -	\$ 31,646	\$ 31,646
Changes of assumptions	-	884,035	884,035
Net difference between projected and actual earnings on pension plan investments	52,851	42,740	95,591
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>-</u>	<u>127,948</u>	<u>127,948</u>
Total deferred inflows of resources	<u><u>\$ 52,851</u></u>	<u><u>\$ 1,086,369</u></u>	<u><u>\$ 1,139,220</u></u>

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\$1,670,134 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal			
<u>Year</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2025	\$ 78,270	\$ (10,635)	\$ 67,635
2026	(96,437)	(468,263)	(564,700)
2027	275,213	1,479,078	1,754,291
2028	2,801	(13,902)	(11,101)
Total	<u>\$ 259,847</u>	<u>\$ 986,278</u>	<u>\$ 1,246,125</u>

**Actuarial Assumptions - SERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. 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, 2022, are presented below:

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Wage inflation:	
Current measurement date	2.4 percent
Prior measurement date	2.4 percent
Future salary increases, including inflation:	
Current measurement date	3.25 percent to 13.58 percent
Prior measurement date	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA:	
Current measurement date	2.0 percent
Prior measurement date	2.0 percent
Investment rate of return:	
Current measurement date	7.0 percent net of system expense
Prior measurement date	7.0 percent net of system expense
Discount rate:	
Current measurement date	7.0 percent
Prior measurement date	7.0 percent
Actuarial cost method	Entry age normal

In 2023, 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.

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

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00 %	0.75 %
US equity	24.75	4.82
International equity developed	13.50	5.19
International equity emerging	6.75	5.98
Fixed income/Global bonds	19.00	2.24
Private equity	12.00	7.49
Real estate/Real assets	17.00	3.70
Private debt/Private credit	5.00	5.64
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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.

**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.

	Current		
	<u>1% Decrease</u> <u>(6.00%)</u>	<u>discount rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
School District's proportionate share of the net pension liability	\$ 5,549,702	\$3,760,098	\$2,252,684

#### **Actuarial Assumptions - STRS**

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.5 percent	2.5 percent
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	7.0 percent, net of investment expenses, including inflation	7.0 percent, net of investment expenses, including inflation
Discount rate of return	7.0 percent	7.0 percent
Payroll increases	3.0 percent	3.0 percent
Cost-of-Living Adjustment (COLA)	0.0 percent	0.0 percent

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For the June 30, 2023 actuarial valuation, 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.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset class	Target allocation *	Long term expected real rate of return**
Domestic equity	26.00 %	6.60 %
International equity	22.00	6.80
Alternatives	19.00	7.38
Fixed income	22.00	1.75
Real estate	10.00	5.75
Liquidity reserves	1.00	1.00
Total	<u>100.00</u> %	

\* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

\*\*Over a 30 year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. 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, 2023.

**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 <u>(6.00%)</u>	Current discount rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
School District's proportionate share of the net pension liability	\$ 21,930,159	\$14,260,933	\$7,774,867

**Assumption and Benefit Changes Since the Prior Measurement Date** - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

## B. DEFINED BENEFIT OPEB PLANS

### School Employees Retirement System

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. 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](http://www.ohsers.org) under Employers/Audit Resources.

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

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$43,832.

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 \$43,832 for fiscal year 2024. Of this amount \$43,832 is reported as a pension obligation payable.

State Teachers Retirement System

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

**Funding Policy** - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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**OPEB Liability or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability or asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability or asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability or 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 (asset) - prior measurement date	0.0662480%	0.0647035%	
Proportion of the net OPEB liability (asset) - current measurement date	<u>0.0695773%</u>	<u>0.0662223%</u>	
Change in proportionate share	<u>0.0033293%</u>	<u>0.0015189%</u>	
Proportionate share of the net OPEB liability (asset)	\$1,146,248	(\$1,287,933)	(\$141,685)
OPEB expense	(\$109,506)	(\$88,253)	(\$197,759)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 2,388	\$ 2,008	\$ 4,396
Changes of assumptions	387,580	189,732	577,312
Net difference between projected and actual earnings on pension plan investments	8,884	2,299	11,183
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	132,673	6,229	138,902
School District contributions subsequent to the measurement date	<u>43,832</u>	<u>-</u>	<u>43,832</u>
Total deferred outflows of resources	<u>\$ 575,357</u>	<u>\$ 200,268</u>	<u>\$ 775,625</u>
<b>Deferred inflows of resources</b>			
Difference between expected and actual experience	\$ 591,163	\$ 196,441	\$ 787,604
Changes of assumptions	325,545	849,759	1,175,304
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>11,460</u>	<u>8,061</u>	<u>19,521</u>
Total deferred inflows of resources	<u>\$ 928,168</u>	<u>\$ 1,054,261</u>	<u>\$ 1,982,429</u>

**Eastwood Local School District**  
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\$43,832 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal				
<u>Year</u>		<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2025	\$ (151,703)	\$ (374,113)	\$ (525,816)	
2026	(124,228)	(173,741)	(297,969)	
2027	(76,273)	(66,756)	(143,029)	
2028	(47,961)	(90,981)	(138,942)	
2029	(30,311)	(83,303)	(113,614)	
Thereafter	<u>33,833</u>	<u>(65,099)</u>	<u>(31,266)</u>	
Total	<u><u>\$ (396,643)</u></u>	<u><u>\$ (853,993)</u></u>	<u><u>\$ (1,250,636)</u></u>	

#### **Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022, are presented below:

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Wage inflation:	
Current measurement date	2.40 percent
Prior measurement date	2.40 percent
Future salary increases, including inflation:	
Current measurement date	3.25 percent to 13.58 percent
Prior measurement date	3.25 percent to 13.58 percent
Investment rate of return:	
Current measurement date	7.00 percent net of system expense, including inflation
Prior measurement date	7.00 percent net of system expense, including inflation
Municipal Bond Index Rate:	
Current measurement date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Current measurement date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption:	
Current measurement date	6.75 to 4.40 percent
Prior measurement date	7.00 to 4.40 percent

In 2023, the following mortality assumptions were used:

**Healthy Retirees** - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

**Disabled Retirees** - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

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

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

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

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

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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 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 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 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 capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11 A.

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

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	<u>1% Decrease</u>	<u>Current discount rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 1,465,233	\$1,146,248	\$894,715
	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 842,109	\$1,146,248	\$1,549,273

**Actuarial Assumptions – STRS**

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.50 percent	2.50 percent
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 percent
Investment rate of return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount rate of return	7.00 percent	7.00 percent
Payroll increases	3.00 percent	3.00 percent
Cost-of-Living Adjustment (COLA)	0.00 percent	0.00 percent
Blended discount rate of return	n/a	n/a
Health care cost trends		

	<u>Initial</u>	<u>Ultimate</u>	<u>Initial</u>	<u>Ultimate</u>
Medical				
Pre-Medicare	7.50 percent	4.14 percent	7.50 percent	3.94 percent
Medicare	-10.94 percent	4.14 percent	-68.78 percent	3.94 percent
Prescription Drug				
Pre-Medicare	-11.95 percent	4.14 percent	9.00 percent	3.94 percent
Medicare	1.33 percent	4.14 percent	-5.47 percent	3.94 percent

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

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For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

**Assumption Changes Since the Prior Measurement Date** - The discount rate remained unchanged at 7.00 percent for the June 30, 2023 valuation.

**Benefit Term Changes Since the Prior Measurement Date** - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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 11 A.

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 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.

	<u>1% Decrease</u>	Current discount rate	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (1,090,066)	(\$1,287,933)	(\$1,460,253)
	<u>1% Decrease</u>	Current trend rate	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (1,468,249)	(\$1,287,933)	(\$1,070,744)

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Full time Certified and Non-Certified employees are entitled to fifteen days sick leave at a rate of one and one-fourth days for each month under contract. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitation, be paid to the employee upon retirement sick leave benefits up to seventy-two days for all employees.

**B. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through an independent party.

**Eastwood Local School District**  
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**NOTE 12 – LONG-TERM OBLIGATIONS**

The changes in the School District's debt obligations during fiscal year 2024 were as follows:

<u>Governmental Activities</u>	<u>Balance 7/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2024</u>	<u>Amount Due in One Year</u>
<b>General obligation bonds:</b>					
2010 Refunding bonds, 2.4%	\$ 295,000	\$ -	\$ (295,000)	\$ -	\$ -
<b>Long-term notes:</b>					
Energy conservation, 2.09%	110,000	-	(55,000)	55,000	55,000
<b>Certificates of participation:</b>					
2015 Certificates of participation, 2-3%	2,445,000	-	(1,205,000)	1,240,000	1,240,000
Premium on certificates	3,976	-	(3,976)	-	-
Total certificates of participation	<u>2,448,976</u>	<u>-</u>	<u>(1,208,976)</u>	<u>1,240,000</u>	<u>1,240,000</u>
<b>Other obligations:</b>					
Financed purchase	-	34,560	(4,672)	29,888	5,062
Compensated absences	1,134,625	224,151	(214,221)	1,144,555	198,199
Special assessment	529,993	-	(40,769)	489,224	40,769
Total other obligations	<u>1,664,618</u>	<u>258,711</u>	<u>(259,662)</u>	<u>1,663,667</u>	<u>244,030</u>
<b>Net pension liability:</b>					
STRS	14,383,658	-	(122,725)	14,260,933	-
SERS	3,513,602	246,496	-	3,760,098	-
Total net pension liability	<u>17,897,260</u>	<u>246,496</u>	<u>(122,725)</u>	<u>18,021,031</u>	<u>-</u>
<b>Net OPEB liability:</b>					
SERS	930,129	216,119	-	1,146,248	-
Total net OPEB liability	<u>930,129</u>	<u>216,119</u>	<u>-</u>	<u>1,146,248</u>	<u>-</u>
<b>Total long-term obligations</b>	<b><u>\$ 23,345,983</u></b>	<b><u>\$ 721,326</u></b>	<b><u>\$ (1,941,363)</u></b>	<b><u>\$ 22,125,946</u></b>	<b><u>\$ 1,539,030</u></b>

**General Obligation Bonds:** On March 15, 2010, the School District issued \$2,580,000 in general obligation bonds which include serial, term and capital appreciation bonds with interest rates varying between 2.0 – 4.0% to refund \$2,580,000 of outstanding School Improvement bonds with an interest rate of 5.2792%. The net proceeds of the refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the portion of the bonds refunded. As a result, the bonds are considered defeased and the liability is not reported by the School District. As of June 30, 2010, all of the old bonds that were advanced refunded were called.

**Energy Conservation Notes:** On March 2, 2010, the School District issued \$738,127 in Energy Conservation Notes with an interest rate of 2.09% for the purpose of purchasing and installing energy conservation measures. The notes and interest are to be repaid by the debt service fund from property taxes.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**Certificates of Participation:** In January 2015, the School District entered into a lease agreement for \$11,005,000 with Buckeye Leasing Services with an interest rate of 2-3% for the purpose of acquiring, constructing, improving, furnishing, and equipping school facilities. The lease is an annual lease subject to renewal for ten years through June 1, 2025. Buckeye Leasing Services in turn entered into an agreement with Huntington Nation Bank, as Trustee; through with it assigned and transferred its rights, title and interest under the lease to Huntington Nation Bank. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. The Certificates of Participation will be repaid over 10 years with principal payments beginning in fiscal year 2016. The premium on the certificates was significant and is amortized over the life of the certificates using the bonds outstanding method of amortization.

**Financed purchase:** During fiscal year 2024 the district acquired a piece of equipment on a installment payment plan. The payments began in 2024, with a final payment due in fiscal year 2029.

Compensated absences will be paid from the fund from which the employees' salaries are paid. In prior years, this fund has primarily been the general fund.

The School District installed sewer lines for a new school building. These sewer lines are being paid through a 20-year special assessment which were paid from the general fund beginning in fiscal year 2017.

There is not a repayment schedule for the net pension liability and net OPEB liability; however the School District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to retire all bonds, notes and financed purchases outstanding at June 30, 2024 are as follows:

Fiscal Year	Energy <u>Conservation Notes</u>		Certificates <u>of Participation</u>		Financed purchase	
	June 30	Principal	Interest	Principal	Interest	Principal
2025	\$ 55,000	\$ 575	\$ 1,240,000	\$ 37,200	\$ 5,062	\$ 2,488
2026	-	-	-	-	5,483	2,067
2027	-	-	-	-	5,939	1,611
2028	-	-	-	-	6,434	1,116
2029	-	-	-	-	6,970	580
	<u>\$ 55,000</u>	<u>\$ 575</u>	<u>\$ 1,240,000</u>	<u>\$ 37,200</u>	<u>\$ 29,888</u>	<u>\$ 7,862</u>

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 13 - INTERFUND TRANSFERS**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Transfers to nonmajor governmental funds from:	
General fund	\$ 1,342,074
Internal service fund	600
Nonmajor governmental funds	8,097
Transfers out	<u><u>\$ 1,350,771</u></u>
Transfers to general fund from:	
Nonmajor governmental fund	1,211
Internal service fund	600
Transfers to nonmajor governmental funds from:	
Nonmajor governmental fund	1,348,360
Internal service fund	600
Transfers in	<u><u>\$ 1,350,771</u></u>

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St Mary's and Wapakoneta. NOACSC was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county. During fiscal year 2024, the School District paid \$53,758 to NOACSC for various services. Financial information for NOACSC can be obtained from Ray Burden, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

Penta Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a nine member Board of Education consisting of a representative from the participating school districts' elected Boards. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg and Rossford; one representative from each of the three following counties: Fulton, Ottawa, and Lucas; and two representatives from Wood County. The Board possesses its own budgeting and taxing authority. To obtain financial information contact Carrie J. Herringshaw, Treasurer, Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551-3841.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

The Ohio Schools Council (Council) is a jointly governed organization among 254 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-three northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2024, the School District paid the Council \$88,075 for natural gas purchases and \$9,613 for the life insurance program. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**NOTE 15 - INSURANCE RATING POOL**

The School District participates in Ohio SchoolComp, a Worker's Compensation Group Rating Program (GRP), an insurance premium rating pool sponsored by the Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials' (OASBO). 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 their designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program.

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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 16 - CONTINGENCIES**

Grants - The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

Property Tax Appeal - As of the end of the fiscal year, there is a pending appeal for a property tax valuation with the County Auditor that could impact the School District's property tax amounts received and future collections. As a result, the School District has set aside amounts that could possibly be returned. The amounts set aside are \$190,108, \$5,066 and \$11,919 for the general fund, Bond Retirement fund and the Permanent Improvement fund, respectively.

**NOTE 17 - SET-ASIDE REQUIREMENTS**

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent 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.

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

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	<u>Capital</u> <u>Improvement</u>
Set aside balance as of June 30, 2023	\$ -
Current year set-aside requirement	303,498
Current year offset	<u>(891,705)</u>
Total	<u><u>\$ (588,207)</u></u>
 Cash balance carried forward to fiscal year 2025	 <u><u>\$ -</u></u>

**Eastwood Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 18 – ACCOUNTABILITY**

As of June 30, 2024, four nonmajor special revenue funds had a deficit fund balance. These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had a deficit at year-end:

<u>Nonmajor special revenue funds:</u>	<u>Deficit</u>
ESSER	\$ 20,849
IDEA, Part B	71,433
Title I	33,755

**NOTE 19 – CONTRACTUAL COMMITMENTS/ENCUMBRANCES**

As of June 30, 2024, the School District's general fund reported encumbrances not individually significant, as part of assigned fund balance. Other governmental funds reported outstanding encumbrances June 30, 2024 none of which are individually significant.

## **Required Supplementary Information**

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

	2023	2022	2021	2020	2019
<b>School Employees Retirement System (SERS) of Ohio</b>					
School District's proportion of the net pension liability	0.068050%	0.064961%	0.064763%	0.064125%	0.061777%
School District's proportionate share of the net pension liability	\$ 3,760,098	\$ 3,513,602	\$ 2,389,563	\$ 4,241,343	\$ 3,696,202
School District's covered payroll	\$ 2,699,707	\$ 2,426,664	\$ 2,235,450	\$ 2,248,071	\$ 2,326,837
School District's proportionate share of the net pension liability as a percentage of its covered payroll	139.28%	144.79%	106.89%	188.67%	158.85%
Plan fiduciary net position as a percentage of total pension liability	76.06%	75.82%	82.86%	68.55%	70.85%
 <b>State Teachers Retirement System (STRS) of Ohio</b>					
School District's proportion of the net pension liability	0.0662223%	0.0647035%	0.0644608%	0.0659267%	0.0633974%
School District's proportionate share of the net pension liability	\$ 14,260,933	\$ 14,383,658	\$ 8,241,895	\$ 15,951,916	\$ 14,019,963
School District's covered payroll	\$ 8,944,536	\$ 8,411,757	\$ 7,953,971	\$ 8,014,114	\$ 7,573,543
School District's proportionate share of the net pension liability as a percentage of its covered payroll	159.44%	170.99%	103.62%	199.05%	185.12%
Plan fiduciary net position as a percentage of total pension liability	80.02%	78.88%	87.80%	75.50%	77.40%

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

2018	2017	2016	2015	2014
0.060489%	0.065050%	0.065608%	0.065877%	0.066732%
\$ 3,464,323	\$ 3,886,564	\$ 4,801,886	\$ 3,758,994	\$ 3,377,269
\$ 2,024,156	\$ 2,068,221	\$ 2,000,614	\$ 1,942,360	\$ 1,926,609
171.15%	187.92%	240.02%	193.53%	175.30%
71.36%	69.50%	62.98%	69.16%	71.70%
2018	2017	2016	2015	2014
0.0629748%	0.0623591%	0.0656279%	0.0608742%	0.0619722%
\$ 13,846,742	\$ 14,813,545	\$ 21,967,646	\$ 16,823,843	\$ 15,073,784
\$ 7,175,686	\$ 6,888,707	\$ 6,868,879	\$ 6,355,707	\$ 6,452,231
192.97%	215.04%	319.81%	264.70%	233.62%
77.30%	75.30%	66.80%	72.10%	74.70%

**Eastwood Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions - Pension*  
*Last Ten Fiscal Years*

	2024	2023	2022	2021	2020
<b>School Employees Retirement System (SERS) of Ohio</b>					
Contractually required contribution	\$ 378,224	\$ 377,959	\$ 339,733	\$ 312,963	\$ 314,730
Contributions in relation to contractually required contribution	<u>(378,224)</u>	<u>(377,959)</u>	<u>(339,733)</u>	<u>(312,963)</u>	<u>(314,730)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>				
School District covered payroll	\$ 2,701,600	\$ 2,699,707	\$ 2,426,664	\$ 2,235,450	\$ 2,248,071
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%
 <b>State Teachers Retirement System (STRS) of Ohio</b>					
Contractually required contribution	\$ 1,291,910	\$ 1,252,235	\$ 1,177,646	\$ 1,113,556	\$ 1,121,976
Contributions in relation to contractually required contribution	<u>(1,291,910)</u>	<u>(1,252,235)</u>	<u>(1,177,646)</u>	<u>(1,113,556)</u>	<u>(1,121,976)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>				
School District covered payroll	\$ 9,227,929	\$ 8,944,536	\$ 8,411,757	\$ 7,953,971	\$ 8,014,114
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

2019	2018	2017	2016	2015
\$ 314,123	\$ 273,261	\$ 289,551	\$ 280,086	\$ 256,003
<u>(314,123)</u>	<u>(273,261)</u>	<u>(289,551)</u>	<u>(280,086)</u>	<u>(256,003)</u>
<u>\$ -</u>				
\$ 2,326,837	\$ 2,024,156	\$ 2,068,221	\$ 2,000,614	\$ 1,942,360
13.50%	13.50%	14.00%	14.00%	13.18%

2019	2018	2017	2016	2015
\$ 1,060,296	\$ 1,004,596	\$ 964,419	\$ 961,643	\$ 889,799
<u>(1,060,296)</u>	<u>(1,004,596)</u>	<u>(964,419)</u>	<u>(961,643)</u>	<u>(889,799)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,573,543	\$ 7,175,686	\$ 6,888,707	\$ 6,868,879	\$ 6,355,707
14.00%	14.00%	14.00%	14.00%	14.00%

**Eastwood Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Eight Fiscal Years (1)*

	2023	2022	2021	2020
<b>School Employees Retirement System (SERS) of Ohio</b>				
School District's proportion of the net OPEB liability	0.069577%	0.066248%	0.066326%	0.066388%
School District's proportionate share of the net OPEB liability	\$ 1,146,248	\$ 930,129	\$ 1,255,281	\$ 1,442,831
School District's covered payroll	\$ 2,699,707	\$ 2,426,664	\$ 2,235,450	\$ 2,248,071
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.46%	38.33%	56.15%	64.18%
Plan fiduciary net position as a percentage of total OPEB liability	30.02%	30.34%	24.08%	18.17%
	2023	2022	2021	2020
<b>State Teachers Retirement System (STRS) of Ohio</b>				
School District's proportion of the net OPEB liability or asset	0.0662223%	0.0647035%	0.0644608%	0.0659267%
School District's proportionate share of the net OPEB liability (asset)	\$ (1,287,933)	\$ (1,675,388)	\$ (1,359,104)	\$ (1,158,660)
School District's covered payroll	\$ 8,944,536	\$ 8,411,757	\$ 7,953,971	\$ 8,014,114
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.40%	-19.92%	-17.09%	-14.46%
Plan fiduciary net position as a percentage of total OPEB liability	168.52%	230.73%	174.70%	182.10%

(1) Ten years of information will be presented as information becomes available. Information prior to 2016 is not available. The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2019	2018	2017	2016
0.062821%	0.060917%	0.065600%	0.066091%
\$ 1,579,803	\$ 1,690,002	\$ 1,760,521	\$ 1,883,827
\$ 2,326,837	\$ 2,024,156	\$ 2,068,221	\$ 2,000,614
67.89%	83.49%	85.12%	94.16%
15.57%	13.57%	12.46%	11.49%

2019	2018	2017	2016
0.0633974%	0.0629748%	0.0623591%	0.0656279%
\$ (1,050,014)	\$ (1,011,941)	\$ 2,433,023	\$ 3,509,799
\$ 7,573,543	\$ 7,175,686	\$ 6,888,707	\$ 6,868,879
-13.86%	-14.10%	35.32%	51.10%
174.70%	176.00%	47.10%	37.30%

**Eastwood Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions - OPEB*  
*Last Ten Fiscal Years*

	2024	2023	2022	2021	2020
<b>School Employees Retirement System (SERS) of Ohio</b>					
Contractually required contribution (1)	\$ 43,832	\$ 48,457	\$ 42,367	\$ 41,127	\$ 41,921
Contributions in relation to contractually required contribution	<u>(43,832)</u>	<u>(48,457)</u>	<u>(42,367)</u>	<u>(41,127)</u>	<u>(41,921)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>				
School District covered payroll	\$ 2,701,600	\$ 2,699,707	\$ 2,426,664	\$ 2,235,450	\$ 2,248,071
Contributions as a percentage of covered payroll	1.62%	1.79%	1.75%	1.84%	1.86%

	2024	2023	2022	2021	2020
<b>State Teachers Retirement System (STRS) of Ohio</b>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>				
School District covered payroll	\$ 9,227,929	\$ 8,944,536	\$ 8,411,757	\$ 7,953,971	\$ 8,014,114
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2019	2018	2017	2016	2015
\$ 47,689	\$ 41,036	\$ 33,854	\$ 31,744	\$ 49,997
<u>(47,689)</u>	<u>(41,036)</u>	<u>(33,854)</u>	<u>(31,744)</u>	<u>(49,997)</u>
<u>\$ -</u>				
\$ 2,326,837	\$ 2,024,156	\$ 2,068,221	\$ 2,000,614	\$ 1,942,360
2.05%	2.03%	1.64%	1.59%	2.57%

2019	2018	2017	2016	2015
\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>				
\$ 7,573,543	\$ 7,175,686	\$ 6,888,707	\$ 6,868,879	\$ 6,355,707
0.00%	0.00%	0.00%	0.00%	0.00%

**Eastwood Local School District**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2024*

**Net Pension Liability**

**School Employees Retirement System (SERS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2024. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**State Teachers Retirement System (STRS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2024. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**Net OPEB Liability**

**School Employees Retirement System (SERS) of Ohio**

Changes in benefit terms: There was a change in benefit terms for fiscal year 2024. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**State Teachers Retirement System (STRS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2024. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**EASTWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Child Nutrition Cluster:				
National School Breakfast Program	10.553	3L70	-	\$ 39,407
National School Lunch Program	10.555	3L60	-	343,571
Total Child Nutrition Cluster			-	382,978
Total U.S. Department of Agriculture			-	<b>382,978</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<i>Passed Through Ohio Facilities Construction Commission</i>				
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	149,533
Total U.S. Department of the Treasury			-	<b>149,533</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Title I Grants to Local Educational Agencies	84.010	3M00	-	175,834
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	3M20	-	357,283
Total Special Education Cluster (IDEA)			-	357,283
Supporting Effective Instruction State Grants	84.367	3Y60	-	38,164
Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	3HS0	-	606,824
Total Education Stabilization Fund			-	606,824
Total U.S. Department of Education			-	<b>1,178,105</b>
<b>Total Expenditures of Federal Awards</b>			-	<b>\$ 1,710,616</b>

See accompanying notes to the schedule of expenditures of federal awards.

**Eastwood Local School District  
Wood County**

*Notes to the Schedule of Expenditure of Federal Awards  
2 CFR 200.510(b)(6)*

*For the Fiscal Year Ended June 30, 2024*

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Eastwood Local School District (the District's) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position ,changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



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

Eastwood Local School District  
Wood County  
P.O. Box 837  
120 E. College Ave.  
Pemberville, Ohio 43450

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eastwood Local School District, Wood County, (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2025.

***Report on Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Eastwood Local School District  
Wood County  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

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

***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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BHM CPA Group*

BHM CPA Group Inc.  
Portsmouth, Ohio  
March 28, 2025



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

Eastwood Local School District  
Wood County  
P.O. Box 837  
120 E. College Ave.  
Pemberville, Ohio 43450

To the Board of Education:

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

***Opinion on the Major Federal Program***

We have audited Eastwood Local School District's, Wood County, (the 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 Eastwood Local School District's major federal program for the year ended June 30, 2024. Eastwood Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

***Basis for Opinion on the Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

The 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 District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

Eastwood Local School District  
Wood County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to the Major Federal Program and on Internal Control Over  
Compliance Required by the Uniform Guidance  
Page 3

Our 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.

*BHM CPA Group*

BHM CPA Group Inc.  
Portsmouth, Ohio  
March 28, 2025

**Eastwood Local School District  
Wood County, Ohio**

**Schedule of Findings  
2 CFR § 200.515  
June 30, 2024**

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**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 Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Education Stabilization Fund ALN 84.425U
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

**Eastwood Local School District  
Wood County, Ohio**

**Schedule of Findings  
2 CFR § 200.515  
June 30, 2024**

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

**None noted**

**3. FINDINGS FOR FEDERAL AWARDS**

**None noted**

# OHIO AUDITOR OF STATE KEITH FABER



EASTWOOD LOCAL SCHOOL DISTRICT

WOOD 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 7/10/2025

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

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