



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

---

EASTERN LOCAL SCHOOL DISTRICT  
PIKE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2024





65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

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

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

Keith Faber  
Auditor of State  
Columbus, Ohio

**April 24, 2025**

**This page intentionally left blank.**

**Eastern Local School District**  
**Pike County**  
For the Year Ended June 30, 2024  
*Table of Contents*

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – (Budgetary Basis) – General Fund .....	16
Statement of Fund Net Position – Proprietary Fund .....	17
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund .....	18
Statement of Cash Flows – Proprietary Fund.....	19
Statement of Fiduciary Net Position – Fiduciary Fund.....	20
Statement of Changes in Fiduciary Net Position – Fiduciary Fund .....	21
Notes to the Basic Financial Statements.....	22
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability .....	56
Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset) .....	57
Schedule of District Contributions .....	58
Notes to the Required Supplementary Information .....	59

**Eastern Local School District**  
**Pike County**  
For the Year Ended June 30, 2024  
*Table of Contents*  
*(continued)*

<u>TITLE</u>	<u>PAGE</u>
Schedule of Expenditures of Federal Awards.....	66
Notes to the Schedule of Expenditures of Federal Awards.....	67
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	68
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.....	70
Schedule of Findings 2 CFR § 200.515 .....	73
Corrective Action Plan 2 CFR § 200.511(c).....	75



## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eastern Local School District, Pike 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 Eastern Local School District, Pike 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.



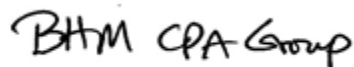
***Supplementary information***

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 are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 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, Inc.  
Portsmouth, Ohio  
February 28, 2025

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

---

The discussion and analysis of the Eastern Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

- In total, net position of governmental activities decreased \$892,878 from the prior fiscal year.
- General revenues accounted for \$12,142,854 while program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$4,254,990. Total revenues for the District were \$16,397,844.
- The District had \$17,290,722 in expenses related to governmental activities; only \$4,254,990 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily grants and entitlements and property taxes) and beginning net position were adequate enough to provide for these programs.

**Using this Basic Financial Statements**

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

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

**Reporting the District as a Whole**

One of the most important questions asked about the District is "How did we do financially during fiscal year 2024?" The statement of net position and the statement of activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

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

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

---

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

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

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's major funds. The major fund of the District is the general fund.

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

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

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

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

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for fiscal years 2024 and 2023:

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

---

Table 1  
Net Position

	<u>2024</u>	<u>2023</u>
Assets:		
Current and Other Assets	\$12,418,166	\$13,449,532
Capital Assets, Net	<u>12,530,765</u>	<u>12,695,926</u>
Total Assets	24,948,931	26,145,458
 Deferred Outflows of Resources	 3,174,777	 3,859,251
Liabilities:		
Current and Other Liabilities	2,236,390	2,263,535
Long-Term Liabilities	<u>14,551,123</u>	<u>14,880,660</u>
Total Liabilities	16,787,513	17,144,195
 Deferred Inflows of Resources	 4,208,549	 4,839,990
Net Position:		
Net Investment in Capital Assets	12,441,245	12,465,228
Restricted	1,401,842	798,141
Unrestricted (Deficit)	<u>(6,715,441)</u>	<u>(5,242,845)</u>
Total Net Position	<u>\$7,127,646</u>	<u>\$8,020,524</u>

Current and other assets decreased from the prior fiscal year. This was primarily due to a decrease in cash and cash equivalents and net OPEB asset. Capital assets, net decreased compared to the prior fiscal year. This resulted from current year deletions and depreciation/amortization in excess of additions. Current and other liabilities remained consistent with the prior year. Long-term liabilities decreased due primarily to an decrease in net pension liability. Deferred outflows and inflows of resources changed due to changes in amounts related to the District's proportionate share of the state-wide net pension and OPEB liabilities (assets).

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

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

Table 2 provides a summary of the District's change in net position for fiscal years 2024 and 2023:

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

---

Table 2  
Change in Net Position

	2024	2023
Revenues		
Program Revenues:		
Charges for Services and Sales	\$623,279	\$503,995
Operating Grants and Contributions	3,631,711	4,238,349
Total Program Revenues	4,254,990	4,742,344
General Revenues:		
Property Taxes	1,888,000	1,638,985
Grants and Entitlements Not Restricted to Specific Programs	9,983,948	10,112,692
Investment Earnings	202,234	113,057
Miscellaneous	68,672	114,917
Total General Revenues	12,142,854	11,979,651
Total Revenues	16,397,844	16,721,995
Program Expenses:		
Instruction:		
Regular	7,494,859	7,472,581
Special	2,585,772	2,447,049
Vocational	366,651	265,579
Student Intervention Services	121,413	38,030
Other	176,757	167,155
Support Services:		
Pupils	794,877	746,671
Instructional Staff	277,909	273,254
Board of Education	26,193	20,076
Administration	1,080,572	1,018,735
Fiscal	370,434	346,563
Operation and Maintenance of Plant	1,421,551	1,126,282
Pupil Transportation	1,313,603	1,300,013
Central	81,547	148,406
Operation of Non-Instructional Services	706,958	627,773
Extracurricular Activities	468,170	446,903
Debt Service:		
Interest	3,456	3,677
Total Expenses	17,290,722	16,448,747
Change in Net Position	(892,878)	273,248
Net Position at Beginning of Year	8,020,524	7,747,276
Net Position at End of Year	\$7,127,646	\$8,020,524

Grants and entitlements not restricted to specific programs made up 61 percent of total revenues for governmental activities of the District for fiscal year 2024. Property taxes made up 12 percent of total revenues for governmental activities for a total of 73 percent of total revenues coming from property taxes and grants and entitlements not restricted to specific programs.

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

Instruction comprises 62 percent of governmental program expenses, with regular instruction and special instruction comprising 43 percent and 15 percent, respectively, of program expenses. Support services expenses make up 31 percent of governmental program expenses.

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

Table 3

	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Instruction	\$10,745,452	\$8,252,946	\$10,390,394	\$7,848,673
Support Services	5,366,686	4,352,636	4,980,000	3,459,897
Operation of Non-Instructional Services	706,958	137,040	627,773	82,160
Extracurricular Activities	468,170	289,654	446,903	311,996
Interest	3,456	3,456	3,677	3,677
Total Expenses	\$17,290,722	\$13,035,732	\$16,448,747	\$11,706,403

### The District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$16,880,200 and total expenditures and other financing uses of \$17,168,663.

The general fund balance decreased \$849,267, due to expenditures in excess of revenues.

### General Fund - Budget Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2024, the District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. The most significant budgeted fund is the general fund.

For the general fund, final budgeted revenues were lower than original final budgeted revenues in the amount of \$293,119. This was due mainly to a decrease in budgeted property tax revenue. Actual revenues and other financing sources were in excess of final budgeted revenues and other financing sources in the amount of \$726,120. This increase was due primarily to increases in property taxes and intergovernmental revenues, which were partially offset by a decrease in tuition and fees. Final budgeted expenditures were lower than original budgeted expenditures in the amount of \$339,397. This decrease was due to a decrease in budgeted expenditures for regular instruction and capital outlay, which was partially offset by an increase in operation and maintenance of plant. Final budgeted expenditures were below actual expenditures in the amount of \$2,004,675. This was due to regular and special instruction, pupil, administration, and pupil transportation support services, capital outlay and transfers out. This increase was partially offset by other instruction.

The District's ending unobligated cash balance was \$1,278,555 below the final budgeted amount in the general fund.

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

---

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2024, the District had \$12,530,765 invested in capital assets (net of accumulated depreciation and amortization). Additions to capital assets primarily consisted of various land and building improvements, furniture, fixtures, and equipment, and intangible right to use leased assets. For more information on capital assets, refer to note 7 in the notes to the basic financial statements.

***Debt***

At June 30, 2024, the District had \$33,639 in outstanding energy conservation improvement bonds and \$55,881 in leases payable.

The District's overall legal debt margin was \$9,808,740 with an unvoted debt margin of \$108,915 at June 30, 2024.

For more information on debt, refer to note 12 in the notes to the basic financial statements.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information contact Nathan Webb, Treasurer, 1170 Tile Mill Road, Beaver, Ohio 45613 or e-mail at [nathan.webb@easternpike.com](mailto:nathan.webb@easternpike.com).

**Eastern Local School District**  
*Statement of Net Position*  
*As of June 30, 2024*

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$8,518,101
Cash and Cash Equivalents in Segregated Accounts	68
Cash and Cash Equivalents with Fiscal Agents	367
Intergovernmental Receivable	284,495
Prepaid Items	750,000
Property Taxes Receivable	2,005,804
Net OPEB Asset	859,331
Non-Depreciable Capital Assets, net	120,410
Depreciable Capital Assets, net	12,410,355
<i>Total Assets</i>	24,948,931
<b>Deferred Outflows of Resources:</b>	
Pension	2,518,992
OPEB	655,785
<i>Total Deferred Outflows of Resources</i>	3,174,777
<b>Liabilities:</b>	
Accounts Payable	76,281
Accrued Wages and Benefits	1,508,665
Intergovernmental Payable	239,771
Accrued Interest Payable	622
Claims Payable	411,051
Long-Term Liabilities:	
Due Within One Year	172,537
Due in More Than One Year	1,013,148
Net Pension Liability	12,481,124
Net OPEB Liability	884,314
<i>Total Liabilities</i>	16,787,513
<b>Deferred Inflows of Resources:</b>	
Property Taxes not Levied to Finance Current Year Operations	1,461,515
Pension	1,053,286
OPEB	1,693,748
<i>Total Deferred Inflows of Resources</i>	4,208,549
<b>Net Position:</b>	
Net Investment in Capital Assets	12,441,245
Restricted for Debt Service	6,380
Restricted for Other Purposes	1,086,159
Restricted for Net OPEB Asset	309,303
Unrestricted (Deficit)	(6,715,441)
<i>Total Net Position</i>	\$7,127,646

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



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

		Program Revenues		Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$7,494,859	\$161,992	\$1,467,795	(\$5,865,072)
Special	2,585,772	67,352	167,867	(2,350,553)
Vocational	366,651	9,590	84,239	(272,822)
Student Intervention Services	121,413	600	528,082	407,269
Other	176,757	4,930	59	(171,768)
Support Services:				
Pupils	794,877	46,798	343,283	(404,796)
Instructional Staff	277,909	6,158	71,257	(200,494)
Board of Education	26,193	728	0	(25,465)
Administration	1,080,572	33,349	52,027	(995,196)
Fiscal	370,434	10,184	4,060	(356,190)
Operation and Maintenance of Plant	1,421,551	37,579	304,500	(1,079,472)
Pupil Transportation	1,313,603	32,814	22,740	(1,258,049)
Central	81,547	120	48,453	(32,974)
Operation of Non-Instructional Services	706,958	56,149	513,769	(137,040)
Extracurricular Activities	468,170	154,936	23,580	(289,654)
Interest	3,456	0	0	(3,456)
<i>Total Governmental Activities</i>	<u>\$17,290,722</u>	<u>\$623,279</u>	<u>\$3,631,711</u>	(13,035,732)
<b>General Revenues:</b>				
Property Taxes Levied for:				
General Purposes				1,888,000
Grants and Entitlements not				
Restricted for Specific Programs				9,983,948
Investment Earnings				202,234
Miscellaneous				68,672
<i>Total General Revenues</i>				<u>12,142,854</u>
<i>Change in Net Position</i>				(892,878)
<i>Net Position Beginning of Year</i>				<u>8,020,524</u>
<i>Net Position End of Year</i>				<u><u>\$7,127,646</u></u>

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

**Eastern Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*As of June 30, 2024*

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,724,422	\$375,739	\$8,100,161
Cash and Cash Equivalents in Segregated Accounts	0	68	68
Cash and Cash Equivalents with Fiscal Agents	0	367	367
Interfund Receivable	616,843	0	616,843
Intergovernmental Receivable	33,075	251,420	284,495
Prepaid Items	0	750,000	750,000
Property Taxes Receivable	1,975,750	30,054	2,005,804
<i>Total Assets</i>	<u>\$10,350,090</u>	<u>\$1,407,648</u>	<u>\$11,757,738</u>
<b>Liabilities:</b>			
Accounts Payable	\$48,626	\$27,655	\$76,281
Accrued Wages and Benefits	1,445,553	63,112	1,508,665
Interfund Payable	0	616,843	616,843
Intergovernmental Payable	216,046	23,725	239,771
<i>Total Liabilities</i>	1,710,225	731,335	2,441,560
<b>Deferred Inflows of Resources:</b>			
Property Taxes not Levied to Finance Current Year Operations	1,431,461	30,054	1,461,515
Unavailable Revenue	382,425	87,099	469,524
<i>Deferred Inflows of Resources</i>	1,813,886	117,153	1,931,039
<b>Fund Balances:</b>			
Restricted	0	1,092,538	1,092,538
Assigned	697,917	0	697,917
Unassigned (Deficit)	6,128,062	(533,378)	5,594,684
<i>Total Fund Balances</i>	<u>6,825,979</u>	<u>559,160</u>	<u>7,385,139</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$10,350,090</u>	<u>\$1,407,648</u>	<u>\$11,757,738</u>

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

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

<b>Total Governmental Fund Balances</b>	<b>\$7,385,139</b>
---	--------------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,530,765
---	------------

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

Intergovernmental	87,099	
Taxes	382,425	
Total		469,524

The internal service fund is used by management to charge the costs of deductible reimbursements to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	6,889
---	-------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(622)
--	-------

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

Deferred Outflows-Pension	2,518,992	
Deferred Outflows-OPEB	655,785	
Deferred Inflows-Pension	(1,053,286)	
Deferred Inflows-OPEB	(1,693,748)	
Net Pension Liability	(12,481,124)	
Net OPEB Asset	859,331	
Net OPEB Liability	(884,314)	
Total		(12,078,364)

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

Energy Conservation Improvement Bonds	(33,639)	
Lease Payable	(55,881)	
Compensated Absences	(1,096,165)	
Total		(1,185,685)

<b>Net Position of Governmental Activities</b>	<b>\$7,127,646</b>
--	--------------------

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$1,896,322	\$0	\$1,896,322
Intergovernmental	11,127,425	2,858,984	13,986,409
Interest	202,234	4,128	206,362
Tuition and Fees	373,043	0	373,043
Rent	15,348	0	15,348
Extracurricular Activities	26,348	138,521	164,869
Gifts and Donations	525	23,440	23,965
Customer Sales and Services	8,506	61,513	70,019
Miscellaneous	63,928	4,744	68,672
<i>Total Revenues</i>	<i>13,713,679</i>	<i>3,091,330</i>	<i>16,805,009</i>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	5,831,335	669,355	6,500,690
Special	2,454,515	168,294	2,622,809
Vocational	344,390	17,471	361,861
Student Intervention Services	21,675	99,738	121,413
Other	178,138	79	178,217
Support Services:			
Pupils	783,208	13,846	797,054
Instructional Staff	221,812	56,686	278,498
Board of Education	26,290	0	26,290
Administration	998,377	71,116	1,069,493
Fiscal	363,251	4,637	367,888
Operation and Maintenance of Plant	1,343,597	59,413	1,403,010
Pupil Transportation	1,190,318	23,951	1,214,269
Central	4,333	51,118	55,451
Operation of Non-Instructional Services	0	706,507	706,507
Extracurricular Activities	265,837	174,272	440,109
Capital Outlay	536,893	426,785	963,678
Debt Service:			
Principal	44,628	0	44,628
Interest	4,056	0	4,056
<i>Total Expenditures</i>	<i>14,612,653</i>	<i>2,543,268</i>	<i>17,155,921</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(898,974)</i>	<i>548,062</i>	<i>(350,912)</i>
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	12,742	12,742
Inception of Lease	62,449	0	62,449
Transfers Out	(12,742)	0	(12,742)
<i>Total Other Financing Sources (Uses)</i>	<i>49,707</i>	<i>12,742</i>	<i>62,449</i>
<i>Net Change in Fund Balances</i>	<i>(849,267)</i>	<i>560,804</i>	<i>(288,463)</i>
<i>Fund Balances (Deficits) at Beginning of Year</i>	<i>7,675,246</i>	<i>(1,644)</i>	<i>7,673,602</i>
<i>Fund Balances at End of Year</i>	<i>\$6,825,979</i>	<i>\$559,160</i>	<i>\$7,385,139</i>

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

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$288,463)
---	-------------

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

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

Capital Asset Additions	963,678	
Current Year Depreciation/Amortization	(1,128,839)	
Total		(165,161)

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

Intergovernmental	(398,843)	
Taxes	(8,322)	
Total		(407,165)

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

(94,065)

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

Pension	1,118,418	
OPEB	28,324	
Total		1,146,742

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

Pension	(1,070,859)	
OPEB	40,026	
Total		(1,030,833)

Long-term debt proceeds are other financing sources in the governmental funds but the issuance increases the long-term liabilities on the statement of net position.

Inception of Lease	(62,449)
--------------------	----------

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

Bond Principal Retirement	32,002	
Lease Payments	12,626	
Total		44,628

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

Increase in Compensated Absences	(36,712)	
Decrease in Accrued Interest	600	
Total		(36,112)

<b>Net Change in Net Position of Governmental Activities</b>	<u><u>(\$892,878)</u></u>
--	---------------------------

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

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

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property Taxes	\$1,647,499	\$1,469,459	\$1,855,043	\$385,584
Intergovernmental	10,796,027	10,690,961	11,097,711	406,750
Interest	52,263	51,754	202,234	150,480
Tuition and Fees	877,461	868,922	373,043	(495,879)
Rent	10,388	10,287	15,348	5,061
Gifts and Donations	2,272	2,250	0	(2,250)
Miscellaneous	87,244	86,402	63,928	(22,474)
<i>Total Revenues</i>	<i>13,473,154</i>	<i>13,180,035</i>	<i>13,607,307</i>	<i>427,272</i>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	5,406,237	5,170,978	5,968,856	(797,878)
Special	2,172,542	2,096,163	2,527,353	(431,190)
Vocational	347,639	335,578	378,657	(43,079)
Student Intervention Services	23,655	22,799	21,675	1,124
Other	954,232	919,830	182,643	737,187
Support Services:				
Pupils	327,377	317,255	787,562	(470,307)
Instructional Staff	204,678	198,407	229,854	(31,447)
Board of Education	32,567	31,530	32,228	(698)
Administration	939,540	907,932	1,026,254	(118,322)
Fiscal	329,078	317,193	366,947	(49,754)
Operation and Maintenance of Plant	1,046,500	1,342,345	1,346,085	(3,740)
Pupil Transportation	1,054,857	1,061,992	1,265,774	(203,782)
Central	6,529	9,821	7,552	2,269
Operation of Non-Instructional Services	960	960	0	960
Extracurricular Activities	199,817	192,587	254,985	(62,398)
Capital Outlay	687,101	453,974	609,824	(155,850)
Debt Service:				
Principal	27,364	44,628	44,628	0
Interest	6,752	4,056	4,056	0
<i>Total Expenditures</i>	<i>13,767,425</i>	<i>13,428,028</i>	<i>15,054,933</i>	<i>(1,626,905)</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(294,271)</i>	<i>(247,993)</i>	<i>(1,447,626)</i>	<i>(1,199,633)</i>
<b>Other Financing Sources (Uses):</b>				
Transfers In	72,430	72,430	371,278	298,848
Transfers Out	(4,219)	(4,219)	(384,020)	(379,801)
Advances Out	(2,031)	(2,031)	0	2,031
<i>Total Other Financing Source (Uses)</i>	<i>66,180</i>	<i>66,180</i>	<i>(12,742)</i>	<i>(78,922)</i>
<i>Net Change in Fund Balance</i>	<i>(228,091)</i>	<i>(181,813)</i>	<i>(1,460,368)</i>	<i>(1,278,555)</i>
<i>Fund Balance at Beginning of Year</i>	<i>8,415,442</i>	<i>8,415,442</i>	<i>8,415,442</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>645,773</i>	<i>645,773</i>	<i>645,773</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$8,833,124</i>	<i>\$8,879,402</i>	<i>\$7,600,847</i>	<i>(\$1,278,555)</i>

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

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

	Governmental Activities <u>Internal Service</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$417,940</u>
<i>Total Assets</i>	417,940
<b>Liabilities:</b>	
Claims Payable	<u>411,051</u>
<i>Total Liabilities</i>	411,051
<b>Net Position:</b>	
Unrestricted	<u>6,889</u>
<i>Total Net Position</i>	<u><u>\$6,889</u></u>

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

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

---

	Governmental Activities
	Internal Service
<b>Operating Revenues:</b>	
Charges for Services	\$540,233
<i>Total Operating Revenues</i>	540,233
<b>Operating Expenses:</b>	
Purchased Services	17,626
Claims	616,672
<i>Total Operating Expenses</i>	634,298
<i>Change in Net Position</i>	(94,065)
<i>Net Position Beginning of Year</i>	100,954
<i>Net Position End of Year</i>	\$6,889

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



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

	Governmental Activities
	Internal Service
<b>Change in Cash and Cash Equivalents:</b>	
<b>Cash Flows Provided by Operating Activities:</b>	
Charges for Services	\$540,233
Purchased Services	(17,626)
Claims	(548,602)
	<u>(25,995)</u>
<i>Net Cash Flows Provided by Operating Activities</i>	<u>(25,995)</u>
<i>Net Change in Cash and Cash Equivalents</i>	(25,995)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>443,935</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$417,940</u></u>
<b>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:</b>	
Change in Net Position	(\$94,065)
<i>Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities</i>	
Increase in Claims Payable	<u>68,070</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>(\$25,995)</u></u>

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

**Eastern Local School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Fund*  
*As of June 30, 2024*

---

	Private Purpose Trust Fund
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,455
<i>Total Assets</i>	<u>\$1,455</u>
<b>Net Position:</b>	
Restricted for Scholarships	\$1,455
<i>Total Net Position</i>	<u>\$1,455</u>

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

**Eastern Local School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2024*

---

	Private Purpose Trust Fund
	<hr/>
<b>Additions:</b>	
Amounts Received for Others	\$1,250
	<hr/>
<i>Total Additions</i>	1,250
 <b>Deductions:</b>	
Payments in Accordance with Trust Agreements	1,500
	<hr/>
<i>Total Deductions</i>	1,500
	<hr/>
<i>Change in Net Position</i>	(250)
 <i>Net Position Beginning of Year</i>	1,705
	<hr/>
<i>Net Position End of Year</i>	\$1,455
	<hr/> <hr/>

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

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

Eastern Local School District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines. The District was established in 1960 through the consolidation of existing land areas and school districts. The District serves an area of approximately 85 square miles. It is located in Pike County, and includes all of the Villages of Beaver and Stockdale and portions of Marion, Union, and East Jackson Townships in Pike County, Madison Township in Scioto County and Liberty Township in Jackson County. It is staffed by 48 noncertificated employees, 66 certificated full-time teaching personnel, and 9 administrators who provide services to 812 students and other community members. The District currently operates one instructional building which houses grades Kindergarten through 12.

### **Reporting Entity**

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

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

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

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

The District participates in three organizations, one of which is defined as a jointly governed organization, one as a group purchasing pool, and one as a public entity risk pool. These organizations are Metropolitan Educational Technology Association (META) Solutions, the Ohio SchoolComp Workers' Compensation Group Rating Plan, and the Jefferson Health Plan. These organizations are presented in notes 13 and 14 to the basic financial statements.

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

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

### **Basis of Presentation**

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

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

---

*Government-wide Financial Statements*

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

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements*

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

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

Fund Accounting

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

*Governmental Funds*

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

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

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

---

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

*Proprietary Fund*

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

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

*Fiduciary Funds*

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

Measurement Focus

*Government-wide Financial Statements*

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

*Fund Financial Statements*

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

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

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

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

---

**Basis of Accounting**

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

*Revenues - Exchange and Non-Exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance and grants.

*Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for property taxes, unavailable revenue, pensions, and other postemployment benefits. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental funds balance sheet. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Amounts related to pensions and other postemployment benefits will be further discussed in notes 9 and 10.

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

---

*Expenses/Expenditures*

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

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

During fiscal year 2024, the District invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

For the fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced notice is appreciated for deposits and redemptions of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, 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.



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

---

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2024 amounted to \$202,234 and \$4,128 was recorded in the food service nonmajor special revenue fund.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments, or imposed by enabling legislation. The District did not have restricted assets as of June 30, 2024.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which the services are consumed. The District reported prepaid items as of June 30, 2024 for the prepayment of buses on order that were not received by fiscal year end.

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, 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	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	8 years
Textbooks	6 - 15 years

Amortization of intangible right to use leased assets is computed using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

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

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

---

Compensated Absences

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees will be paid. The District reported no matured compensated absences payable at June 30, 2024.

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

---

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

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

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

#### Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes federal and State grants restricted to expenditures for specified purposes.

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

#### Internal Activity

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

#### Estimates

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

#### Pensions/OPEB

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

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

---

**Note 3 – Budgetary Basis of Accounting**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
4. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under general accepted accounting principles and were reported with the general fund (GAAP basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$849,267)
Revenue Accruals	237,836
Expenditure Accruals	(168,858)
Encumbrances	(673,508)
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	<u>(6,571)</u>
Budget Basis	<u><u>(\$1,460,368)</u></u>

**Note 4 – Deposits and Investments**

Monies held by the District are classified by State statute into three categories. Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

---

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

At June 30, 2024, the District's self-insurance internal service fund had a deficit balance of \$54,746 for which a claims payable has been recorded, with the Jefferson Health Plan, a claims servicing pool (see note 8). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the Jefferson Health Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

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

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

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

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

---

As of June 30, 2024, the District's bank balance of \$5,388,327 is either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

*Investments* – As of June 30, 2024, the District had the following investments and maturities:

	Carrying/Fair Value	Weighted Average Maturity (Years)	S&P Credit Rating	Percentage of Portfolio
STAR Ohio	\$3,480,840	<1 Year	AAAm	100.00%

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2024. As discussed further in note 2, STAR Ohio is reported at its share price.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy does not address credit risk beyond the requirements of the Ohio Revised Code. The District limited its investments to STAR Ohio.

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The District's investment policy allows investments as authorized by State law.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code. All of the District's securities are held in the name of the District.

## **Note 5 – Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 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.

Public utility property tax revenue received in calendar year 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 calendar year 2024 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.

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

---

The District receives property taxes from Pike County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 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 were 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 reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows - property taxes.

The amount available as an advance at June 30, 2024 is \$161,864 in the general fund.

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

The assessed values upon which fiscal year 2024 taxes were collected are:

	2023 Second-Half Collections		2024 First-Half Collections	
	Amount	Percent	Amount	Percent
Agriculture/Residential And Other Real Estate	\$72,683,860	84.40%	\$90,965,830	83.52%
Public Utility	13,435,050	15.60%	17,949,280	16.48%
Total Assessed Value	<u>\$86,118,910</u>	<u>100.00%</u>	<u>\$108,915,110</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed valuation	\$22.50		\$22.50	

**Note 6 – Receivables**

Receivables at June 30, 2024, consisted of property taxes, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. The intergovernmental receivables are as follows:

<i>Major Fund:</i>	
General	\$33,075
<i>Nonmajor Funds:</i>	
Early Education	49,934
ESSER	59,547
Title VI-B	50,374
Title I-School Improvement	31,600
Title I-A	24,027
Stronger Connections	3,174
Title II-A	343
Miscellaneous Federal Grants	32,421
Total Nonmajor Funds	<u>251,420</u>
Total All Funds	<u>\$284,495</u>

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

**Note 7 – Capital Assets**

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

	Ending Balance 6/30/23	Additions	Deletions	Ending Balance 6/30/24
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated/Amortized				
Land	\$120,410	0	\$0	\$120,410
Construction in Progress	158,999	0	(158,999)	0
Total Capital Assets Not Being Depreciated/Amortized	279,409	0	(158,999)	120,410
Capital Assets Being Depreciated/Amortized				
Land Improvements	2,704,799	135,558	0	2,840,357
Buildings and Improvements	25,962,599	419,741	0	26,382,340
Furniture, Fixtures, and Equipment	1,868,139	504,929	0	2,373,068
Vehicles	2,066,521	0	(126,216)	1,940,305
Textbooks	522,523	0	0	522,523
Intangible Right to Use Leased Assets	62,833	62,449	(62,833)	62,449
Total Capital Assets Being Depreciated/Amortized	33,187,414	1,122,677	(189,049)	34,121,042
Less Accumulated Depreciation/Amortization				
Land Improvements	(1,720,739)	(93,156)	0	(1,813,895)
Buildings and Improvements	(16,052,363)	(691,262)	0	(16,743,625)
Furniture, Fixtures, and Equipment	(1,039,403)	(203,061)	0	(1,242,464)
Vehicles	(1,379,094)	(128,734)	126,216	(1,381,612)
Textbooks	(522,523)	0	0	(522,523)
Intangible Right to Used Leased Assets*	(56,775)	(12,626)	62,833	(6,568)
Total Accumulated Depreciation/Amortization	(20,770,897)	(1,128,839)	189,049	(21,710,687)
Total Capital Assets Being Depreciated/Amortized, Net	12,416,517	(6,162)	0	12,410,355
Governmental Activities Capital Assets, Net	\$12,695,926	(\$6,162)	(\$158,999)	\$12,530,765

\*Of the current year depreciation and amortization total of \$1,128,839, \$12,626 is presented as regular instruction expense on the Statement of Activities related to the District's intangible asset of copiers, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, "Leases", a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Depreciation and amortization expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$933,922
Vocational	5,483
<i>Support Services:</i>	
Administration	5,645
Operation and Maintenance of Plant	12,817
Pupil Transportation	111,645
Central	26,096
Operation of Non-Instructional Services	2,331
Extracurricular Activities	30,900
Total Depreciation and Amortization Expense	<u>\$1,128,839</u>



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

---

**Note 8 – Risk Management**

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the District contracted with Wright Specialty Insurance Agency, LLC for property, fleet, and professional liability insurance coverage. Coverages provided are as follows:

Building and Contents (\$5,000 deductible)	\$61,621,828
Boiler and Machinery (\$5,000 deductible)	61,621,828
Personal Property (\$5,000 deductible)	4,570,698
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000

During fiscal year 2024, the District contracted with Cincinnati Insurance Company for the Treasurer's public officials bond in the amount of \$50,000. Other officials are covered by a blanket bond provided by Wright Specialty Insurance Agency LLC.

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

Workers' Compensation

For fiscal year 2024, the District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), a group purchasing pool (note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium 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. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Self-Insurance

Medical insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of 95 school districts within the State, in which monthly premiums for the cost of claims are remitted to the fiscal agent, Jefferson Health Plan, who in turn pays the claims on the District's behalf. The claims liability of \$404,599 reported in the internal service fund at June 30, 2024 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30, "Risk Financing Omnibus." These standards require that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The estimate was not affected by incremental claim adjustment expense and does not include other allocated or unallocated claim adjustment expenses.

The District is self-insured for employee dental insurance. The self-insurance fund pays covered claims to service providers. Interfund rates are charged based on claims approved by the claims administrator. The claims liability of \$6,452 reported in the internal service fund at June 30, 2024, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be

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

---

reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes to the internal service fund's claims liability amounts for its medical and dental self-insurance programs in the past two fiscal years follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claim Payments	Balance at End of Fiscal Year
2024	\$342,981	\$616,672	\$548,602	\$411,051
2023	343,344	869,968	870,331	342,981

**Note 9 – Defined Benefit Pension Plans**

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

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

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

---

**School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 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 District’s contractually required contributions to SERS were \$216,988 for fiscal year 2024. Of this amount, \$22,604 was reported as an intergovernmental payable.

**State Teachers Retirement System (STRS)**

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

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

---

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E), the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. 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 34 years of service credit at any age.

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.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

---

rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contributions to STRS were \$901,430 for fiscal year 2024. Of this amount, \$169,649 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.05367790%	0.044184680%	
Proportion of the Net Pension Liability			
Prior Measurement Date	<u>0.05361010%</u>	<u>0.045421090%</u>	
Change in Proportionate Share	<u>0.00006780%</u>	<u>-0.001236410%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,965,981	\$9,515,143	\$12,481,124
Pension Expense	\$231,267	\$839,592	\$1,070,859

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$127,485	\$346,899	\$474,384
Changes of assumptions	21,011	783,622	804,633
Changes in proportion and differences between District contributions and proportionate share of contributions	0	121,557	121,557
District contributions subsequent to the measurement date	<u>216,988</u>	<u>901,430</u>	<u>1,118,418</u>
Total Deferred Outflows of Resources	<u>\$365,484</u>	<u>\$2,153,508</u>	<u>\$2,518,992</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$21,113	\$21,113
Changes of assumptions	0	589,844	589,844
Net difference between projected and actual earnings on pension plan investments	41,689	28,518	70,207
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>136,297</u>	<u>235,825</u>	<u>372,122</u>
Total Deferred Inflows of Resources	<u>\$177,986</u>	<u>\$875,300</u>	<u>\$1,053,286</u>

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

---

\$1,118,418 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (gain) as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$111,646)	(\$83,721)	(\$195,367)
2026	(111,996)	(317,882)	(429,878)
2027	191,939	887,262	1,079,201
2028	<u>2,213</u>	<u>(108,881)</u>	<u>(106,668)</u>
Total	<u>(\$29,490)</u>	<u>\$376,778</u>	<u>\$347,288</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, 2023, are presented below:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010

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

---

General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US 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 for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$4,377,636	\$2,965,981	\$1,776,930

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

---

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2023 actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	From 2.50 percent to 8.50 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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

Actuarial assumptions used in the June 30, 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:

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

\*Final target weights reflected at October 1, 2022.

\*\*10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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 payments to determine the total pension liability as of June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current



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

---

period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$14,632,184	\$9,515,143	\$5,187,527

**Note 10 – Defined Benefit OPEB Plans**

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

**School Employees Retirement System (SERS)**

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-

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

---

covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$28,324.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS for health care was \$28,324 for fiscal year 2024. Of this amount, \$28,324 was reported as an intergovernmental payable.

**State Teachers Retirement System (STRS)**

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

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

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.05367790%	0.044184680%	
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	0.05361010%	0.045421090%	
Change in Proportionate Share	<u>0.00006780%</u>	<u>-0.001236410%</u>	
Proportionate Share of the Net			
OPEB Liability	\$884,314	\$0	\$884,314
Proportionate Share of the Net			
OPEB Asset	\$0	(\$859,331)	(\$859,331)
OPEB Expense (Gain)	(\$51,284)	\$11,258	(\$40,026)

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

At June 30, 2024, the 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>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$1,842	\$1,340	\$3,182
Changes of assumptions	299,012	126,591	425,603
Net difference between projected and actual earnings on pension plan investments	6,857	1,534	8,391
Changes in proportionate share and difference between District contributions and proportionate share of contributions	171,334	18,951	190,285
District contributions subsequent to the measurement date	<u>28,324</u>	<u>0</u>	<u>28,324</u>
Total Deferred Outflows of Resources	<u><u>\$507,369</u></u>	<u><u>\$148,416</u></u>	<u><u>\$655,785</u></u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$456,075	\$131,070	\$587,145
Changes of assumptions	251,154	566,976	818,130
Changes in proportionate share and difference between District contributions and proportionate share of contributions	<u>288,075</u>	<u>398</u>	<u>288,473</u>
Total Deferred Inflows of Resources	<u><u>\$995,304</u></u>	<u><u>\$698,444</u></u>	<u><u>\$1,693,748</u></u>

\$28,324 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the fiscal 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 (gain) as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$147,841)	(\$239,758)	(\$387,599)
2026	(126,818)	(113,670)	(240,488)
2027	(66,982)	(43,202)	(110,184)
2028	(59,083)	(58,992)	(118,075)
2029	(65,558)	(54,064)	(119,622)
Thereafter	<u>(49,977)</u>	<u>(40,342)</u>	<u>(90,319)</u>
Total	<u><u>(\$516,259)</u></u>	<u><u>(\$550,028)</u></u>	<u><u>(\$1,066,287)</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

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

---

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, are presented below:

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate:	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption:	
Measurement Date	6.75 percent to 4.40 percent
Prior Measurement Date	7.00 percent to 4.40 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical

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

---

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

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Assets/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
Total	100.00%	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 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 percent at June 30, 2023, and 3.69 percent 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 of SERS, what SERS' 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 SERS' 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.

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
District's proportionate share of the net OPEB liability	\$1,130,406	\$884,314	\$690,260
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
District's proportionate share of the net OPEB liability	\$649,675	\$884,314	\$1,195,243

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2023 actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
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
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	7.50 percent initial, 4.14 percent ultimate	7.50 percent initial, 3.94 percent ultimate
Medicare	-10.94 percent initial, 4.14 percent ultimate	-68.78 percent initial, 3.94 percent ultimate
Prescription Drug:		
Pre-Medicare	-11.95 percent initial, 4.14 percent ultimate	9.00 percent initial, 3.94 percent ultimate
Medicare	1.33 percent initial, 4.14 percent ultimate	-5.47 percent initial, 3.94 percent ultimate

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

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

Actuarial assumptions used in the June 30, 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:

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

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

\*Final target weights reflected at October 1, 2022.

\*\*10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

**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 (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net OPEB asset	(\$727,311)	(\$859,331)	(\$974,306)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	(\$979,642)	(\$859,331)	(\$714,419)

## Note 11 – Employee Benefits

### Compensated Absences

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

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

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

Insurance Benefits

The District provides life insurance and accidental death and dismemberment to all employees through Grady Enterprises, Inc. The District provides medical insurance to all employees through Jefferson Health Plan (see note 8). The District provides employee health reimbursement account benefits through Medical Mutual of Ohio. Prescription drug benefits are provided through ExpressScripts. The employees share the cost of the monthly premium with the Board. The premium is consistent among single rates and family rates with employees paying 15 percent and the District paying 85 percent.

Deferred Compensation

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

**Note 12 – Long-Term Obligations**

The changes in the District’s long-term obligations during fiscal year 2024 were as follows:

	Amount Outstanding 6/30/23	Additions	Deductions	Amount Outstanding 6/30/24	Due Within One Year
<i>Governmental Activities</i>					
2010 Energy Conservation Improvement Bonds 3.25%	\$65,641	\$0	(\$32,002)	\$33,639	\$33,639
Total Bonds	65,641	0	(32,002)	33,639	33,639
Leases Payable	6,058	62,449	(12,626)	55,881	11,588
Compensated Absences	1,059,453	737,832	(701,120)	1,096,165	127,310
Net Pension Liability	12,996,817	0	(515,693)	12,481,124	0
Net OPEB Liability	752,691	131,623	0	884,314	0
Total Governmental Activities Long-Term Obligations	\$14,880,660	\$931,904	(\$1,261,441)	\$14,551,123	\$172,537

*Leases Payable* – During the current fiscal year, the District entered into an agreement for the use of copier equipment. Due to the implementation of GASB 87, this lease has met the criteria of a lease thus requiring it to be recorded by the District. Lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. Principal payments are being made from the general fund.

A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest
2025	\$11,588	\$2,794
2026	12,167	2,215
2027	12,910	1,472
2028	13,341	1,041
2029	5,875	117
Total	\$55,881	\$7,639



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

---

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

Principal and interest requirements to retire general obligation debt at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$33,639	\$476	\$34,115
Total	\$33,639	\$476	\$34,115

The District's overall legal debt margin was \$9,808,740 with an unvoted debt margin of \$108,915 at June 30, 2024.

**Note 13 – Group Purchasing Pool and Public Entity Risk Pool**

Group Purchasing Pool

*Ohio SchoolComp Workers' Compensation Group Rating Plan* – The District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), a group purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Public Entity Risk Pool

*Jefferson Health Plan* – The District participates in the Jefferson Health Plan (the Plan), a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the Plan's assembly. The Plan's business and affairs are conducted by a nine-member Board of Directors elected from the assembly. The Plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants.

All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third-party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

Jefferson County Educational Service Center serves as fiscal agent. To obtain financial information write to the Center, at 2023 Sunset Boulevard, Steubenville, Ohio 43952.

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

---

**Note 14 – Jointly Governed Organization**

Metropolitan Educational Technology Association (META) Solutions

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

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions' Chief Executive Officer, Chief Operating Officer, an Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The District paid META Solutions \$115,394 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

**Note 15 – Set-Aside Calculations and Fund Balance Restrictions**

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

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

	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2023	\$0
Current year set-aside requirement	156,104
Qualifying disbursements	<u>(156,104)</u>
Total	<u>\$0</u>
Set-aside balance carried forward to future fiscal years	<u>\$0</u>
Set-aside balance as of June 30, 2024	<u>\$0</u>

Although the District had qualifying expenditures during the fiscal year that reduced the capital improvements set-aside amount below zero. For the capital improvements set-aside, this amount may not be used to reduce the set-aside requirements of future years. Therefore, qualifying expenditures reported were limited to the set-aside requirement and a negative balance was not presented.

**Note 16 – Fund Balances**

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

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
<i>Restricted for</i>			
Capital Maintenance	\$0	\$227,627	\$227,627
Federal Grants	0	717,219	717,219
Student Activities	0	109,719	109,719
Extracurricular Activities	0	31,593	31,593
Debt Service	0	6,380	6,380
<i>Total Restricted</i>	0	1,092,538	1,092,538
<i>Assigned to</i>			
Public School Support	66,661	0	66,661
Future Purchases	631,256	0	631,256
<i>Total Assigned</i>	697,917	0	697,917
<i>Unassigned (Deficit)</i>	6,128,062	(533,378)	5,594,684
<i>Total Fund Balances</i>	<u>\$6,825,979</u>	<u>\$559,160</u>	<u>\$7,385,139</u>

**Note 17 – Contingencies**

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2024, if applicable, cannot be determined at this time.

State Foundation Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. Adjustments for fiscal year 2024 have been finalized.

Litigation

At June 30, 2024, the District was not party to legal proceedings.

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

---

**Note 18 – Interfund Activity**

Interfund Receivables/Payables

As of June 30, 2024, interfund receivables and payables that resulted from interfund transactions were as follows:

	Receivables	Payables
<i>Major Fund:</i>		
General	\$616,843	\$0
<i>Nonmajor Funds:</i>		
Lunchroom	0	8,223
Early Childhood	0	33,537
OneNet	0	3,228
Student Success and Wellness	0	320,688
Miscellaneous State Grants	0	33,416
ESSER	0	42,285
Title VI-B	0	32,955
Title I-School Improvement	0	51,592
Title I-A	0	22,199
Title IV-A	0	3,174
Title II-A	0	344
Miscellaneous Federal Grants	0	65,202
Total Nonmajor Governmental Funds	0	616,843
 Total	 \$616,843	 \$616,843

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

Transfers

During the year, the District's general fund transferred \$12,742 to the student activities special revenue fund to subsidize operations.

**Note 19 – Significant Commitments**

Encumbrances

At June 30, 2024, the District had these significant encumbrance commitments in the governmental funds as follows:

<i>Major Fund:</i>	
General	\$678,997
<i>Nonmajor Governmental Funds:</i>	
Lunchroom	64,739
Student Activities	32,945
Miscellaneous State Grants	40,389
ESSER	177,565

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

---

**Note 20 – Accountability and Compliance**

Accountability

At June 30, 2024, the District had the following deficit fund balances:

Lunchroom	\$68,949
Early Childhood	16,395
OneNet	3,228
Student Wellness and Success	320,688
Miscellaneous State Grants	33,416
ESSER	22,428
Title VI-B	28,353
Title I-School Improvement	19,992
Title I-A	19,585
Title II-A	344

These deficits occurred as a result of spending of grant funds prior to processing requests for reimbursement. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The District had expenditures in excess of appropriations in the general fund at June 30, 2024, which is contrary to Ohio Revised Code Section 5705.41(B).

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>										
District's proportion of the net pension liability	0.031891370%	0.034613150%	0.034730240%	0.040440060%	0.042130610%	0.043365430%	0.043425790%	0.044827251%	0.045421090%	0.044184680%
District's proportionate share of the net pension liability	\$7,757,085	\$9,566,062	\$11,625,258	\$9,606,623	\$9,263,575	\$9,590,004	\$10,507,496	\$5,731,567	\$10,097,166	\$9,515,143
District's covered payroll	\$3,312,346	\$3,565,286	\$3,724,800	\$4,261,629	\$4,171,536	\$5,109,736	\$5,258,843	\$5,547,571	\$5,557,914	\$6,002,443
District's proportionate share of the net pension liability as a percentage of its covered payroll	234.2%	268.3%	312.1%	225.4%	222.1%	187.7%	199.8%	103.3%	181.7%	158.5%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%	80.0%
<i>School Employees Retirement System</i>										
District's proportion of the net pension liability	0.036042000%	0.036723100%	0.042529200%	0.048530200%	0.058301100%	0.052473800%	0.054238000%	0.060545800%	0.053610100%	0.053677900%
District's proportionate share of the net pension liability	\$1,824,065	\$2,095,456	\$3,312,745	\$2,899,572	\$3,339,012	\$3,139,599	\$3,587,416	\$2,233,964	\$2,899,651	\$2,965,981
District's covered payroll	\$1,297,201	\$1,272,511	\$1,352,400	\$1,472,571	\$1,710,696	\$1,678,163	\$1,766,714	\$2,133,557	\$1,842,300	\$2,091,714
District's proportionate share of the net pension liability as a percentage of its covered payroll	140.6%	164.7%	245.0%	196.9%	195.2%	187.1%	203.1%	104.7%	157.4%	141.8%
Plan fiduciary net position as a percentage of the total pension liability	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%	76.1%

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

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

	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>								
District's proportion of the net OPEB liability (asset)	0.034730240%	0.040440060%	0.042130610%	0.043365430%	0.043425790%	0.044827251%	0.045421090%	0.044184680%
District's proportionate share of the net OPEB liability (asset)	\$1,857,382	\$1,577,822	(\$676,996)	(\$718,236)	(\$763,207)	(\$945,146)	(\$1,176,103)	(\$859,331)
District's covered payroll	\$3,724,800	\$4,261,629	\$4,171,536	\$5,109,736	\$5,258,843	\$5,547,571	\$5,557,914	\$6,002,443
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	49.9%	37.0%	-16.2%	-14.1%	-14.5%	-17.0%	-21.2%	-14.3%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%	168.5%
<i>School Employees Retirement System</i>								
District's proportion of the net OPEB liability	0.042529200%	0.049083700%	0.057701800%	0.051239570%	0.053501600%	0.062071700%	0.053610100%	0.053677900%
District's proportionate share of the net OPEB liability	\$1,212,240	\$1,317,278	\$1,600,804	\$1,292,494	\$1,162,765	\$1,174,758	\$752,691	\$884,314
District's covered payroll	\$1,352,400	\$1,472,571	\$1,710,696	\$1,678,163	\$1,766,714	\$2,133,557	\$1,842,300	\$2,091,714
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.6%	89.5%	93.6%	77.0%	65.8%	55.1%	40.9%	42.3%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%	24.1%	30.3%	30.0%

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$499,140	\$521,472	\$596,628	\$584,015	\$715,363	\$736,238	\$776,660	\$778,108	\$840,342	\$901,430
Contractually required contribution - OPEB	0	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	499,140	521,472	596,628	584,015	715,363	736,238	776,660	778,108	840,342	901,430
Contributions in relation to the contractually required contribution	499,140	521,472	596,628	584,015	715,363	736,238	776,660	778,108	840,342	901,430
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered payroll	\$3,565,286	\$3,724,800	\$4,261,629	\$4,171,536	\$5,109,736	\$5,258,843	\$5,547,571	\$5,557,914	\$6,002,443	\$6,438,786
Contributions as a percentage of covered payroll - pension	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$167,717	\$189,336	\$206,160	\$230,944	\$226,552	\$247,340	\$298,698	\$257,922	\$292,840	\$216,988
Contractually required contribution - OPEB (1)	10,435	0	0	8,553	8,391	0	0	0	0	0
Contractually required contribution - total	178,152	189,336	206,160	239,497	234,943	247,340	298,698	257,922	292,840	216,988
Contributions in relation to the contractually required contribution	178,152	189,336	206,160	239,497	234,943	247,340	298,698	257,922	292,840	216,988
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered payroll	\$1,272,511	\$1,352,400	\$1,472,571	\$1,710,696	\$1,678,163	\$1,766,714	\$2,133,557	\$1,842,300	\$2,091,714	\$1,549,914
Contributions as a percentage of covered payroll - pension	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See the accompanying notes to the required supplementary information.



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

---

**State Teachers Retirement System**

**Pension**

**Changes in benefit terms**

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2024.

**Changes in assumptions**

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

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

- Inflation assumptions were lowered from 2.75 percent to 2.5 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.5 percent to 3.0 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

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

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

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

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

There were no changes in assumptions for fiscal year 2024.

**OPEB**

**Changes in benefit terms**

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

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

- The HealthSpan HMO plans were eliminated.

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

---

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

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

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

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

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

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

There were no changes to benefit terms for fiscal years 2023 and 2024.

#### Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

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

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

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

---

- The assumed salary scale was modified.

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

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

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

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

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

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

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

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

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

- The health care trend assumption rate changed as follows:
  - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
  - Medical Medicare – from -16.18 percent initial, 4 percent ultimate to -68.78 percent initial, 3.94 percent ultimate
  - Prescription Drug Pre-Medicare – from 6.50 percent initial, 4 percent ultimate to 9.00 percent initial, 3.94 percent ultimate
  - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to -5.47 percent initial, 3.94 percent ultimate
- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

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

---

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

For fiscal year 2024, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
  - Medical Pre-Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.50 percent initial, 4.14 percent ultimate
  - Medical Medicare – from -68.78 percent initial, 3.94 percent ultimate to -10.94 percent initial, 4.14 percent ultimate
  - Prescription Drug Pre-Medicare – from 9.00 percent initial, 3.94 percent ultimate to -11.95 percent initial, 4.14 percent ultimate
  - Prescription Drug Medicare – from -5.47 percent initial, 3.94 percent ultimate to 1.33 percent initial, 4.14 percent ultimate

### **School Employees Retirement System**

#### **Pension**

##### **Changes in benefit terms**

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

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

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

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

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

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

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

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

There were no changes to benefit terms for fiscal year 2024.

##### **Changes in assumptions**

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

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent

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

---

- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled member was updated to the following:
  - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

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

There were no changes in assumptions for fiscal years 2023 and 2024.

## **OPEB**

### Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2024.

### Changes in assumptions

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:

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

---

- RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
  - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

- The discount rate was increased from 2.98 percent to 3.63 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 percent.

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

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

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

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

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

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

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

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.

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

---

- The medical trend assumption rate changed as follows:
  - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
  - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
  - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
  - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

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

- The municipal bond index rate increased from 1.92 percent to 3.69 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.27 percent to 4.08 percent.

For fiscal year 2024, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

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

**EASTERN LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE 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>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Donation)	10.555	N/A	\$ 37,072
Cash Assistance:			
School Breakfast Program	10.553	3L70	217,114
National School Lunch Program	10.555	3L60	346,819
Total Child Nutrition Cluster			<u>601,005</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	<u>16,499</u>
Total U.S. Department of Agriculture			<b>617,504</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	3M00	488,118
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027	3M20	<u>171,700</u>
Total Special Education Cluster (IDEA)			<u>171,700</u>
Rural and Low Income	84.358	N/A	66,944
Supporting Effective Instruction State Grants	84.367	3Y60	50,592
Student Support and Academic Enrichment Program	84.424	3H10	49,958
Education Stabilization Fund:			
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	3HS0	<u>367,581</u>
Total Education Stabilization Fund			<u>367,581</u>
Total U.S. Department of Education			<b>1,194,893</b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Facilities Construction Commission</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>364,988</u>
Total U.S. Department of Treasury			<b>364,988</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct Funding</i>			
Clean School Bus Program	66.045	N/A	<u>790,000</u>
Total U.S. Environmental Protection Agency			<b>790,000</b>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$2,967,385</u></u></b>

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



**EASTERN LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2024

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Eastern Local School District (the District) 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**

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States Government Auditing Standards (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eastern Local School District, Pike County, 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 and have issued our report thereon dated February 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 opinions 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.

### ***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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

### ***District's Response to Findings***

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

### ***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 Inc.  
Portsmouth, Ohio  
February 28, 2025



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

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

To the Board of Education:

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

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

We have audited Eastern Local School District's, Pike County, (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 each of Eastern Local School District's major federal programs for the year ended June 30, 2024. Eastern Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

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

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

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

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

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

Eastern Local School District

Pike County

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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.

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

BHM CPA Group, Inc.

Portsmouth, Ohio

February 28, 2025

**Eastern Local School District**  
**Pike County**  
Schedule of Findings  
2 CFR § 200.515  
June 30, 2024

**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)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major 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):	Clean School Bus Program ALN #66.045 Title I Grants to Local Educational Agencies ALN # 84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**Eastern Local School District**  
**Pike County**  
Schedule of Findings  
*2 CFR § 200.515*  
June 30, 2024

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

**FINDING NUMBER 2024-001**

**Material Noncompliance Citation**

**Ohio Rev. Code § 5705.41(B)** prohibits subdivisions or taxing authorities from expending money unless it has been appropriated. In addition, Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section states that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations.

The District did not properly modify its appropriations at the legal level of control in the General Fund. Due to not properly modifying appropriations, disbursements exceeded appropriations in the General Fund.

By not timely and properly modifying the District's appropriations, the District may not adequately monitor appropriations versus disbursements. With disbursements exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend the District comply with Ohio Revised Code by monitoring disbursements, so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

**Officials' Response:** See corrective action plan.

**3. FINDINGS FOR FEDERAL AWARDS**

None



**Eastern Local School District  
Pike County, Ohio**

Corrective Action Plan  
2 CFR § 200.511(c)  
June 30, 2024

---

**Corrective Action Plan for Finding 2024-001:**

**Finding Control Number: 2024-001**

**Summary of Finding:** Contrary to Ohio Rev. Code § 5705.41(B), the District's expenditures in the General Fund exceeded the appropriations as approved by the Board of Education at the legal level of control.

**Corrective Action:** The Treasurer will monitor the expenditures in each fund and regularly compare to the permanent appropriations approved by the Board of Education. The Treasurer will recommend, when appropriate, supplemental and amended appropriation measures to ensure the District is maintaining compliance with Ohio law.

**Contact Person:** The official responsible for completing the corrective action is listed below:

Nathan Webb  
Eastern Local School District Treasurer  
Phone: (740) 226-1331  
Email: nathan.webb@easternpike.com

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**EASTERN LOCAL SCHOOL DISTRICT**

**PIKE COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/8/2025**

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)