



OHIO AUDITOR OF STATE
KEITH FABER



**CENTERBURG LOCAL SCHOOL DISTRICT
KNOX COUNTY
JUNE 30, 2025**

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KNOX COUNTY
JUNE 30, 2025

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Centerburg Local School District
Knox County
119 South Preston St.
Centerburg, Ohio 43011

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2025, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

January 20, 2026

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

The discussion and analysis of Centerburg Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- The School District is in the first year of a three-year certified contract with a 3 percent base increase to the salary schedules for fiscal year 2025, 2026 and 2027.
- Overall, net position increased for fiscal year 2025 due to the increase in receipts, primarily increases in real estate tax receipts, income tax receipts and interest. Property reappraisal generated additional real estate taxes, while an increase in community salaries resulted in increased income tax collections. Rising interest rates yielded the increase in interest receipts.
- Major purchases for fiscal year 2025 included one school bus, Chromebooks, football field renovations, and two used pick up trucks, one for the maintenance department and one for the bus mechanic service.
- The School District continued to diligently monitor both receipts and disbursements in order to prudently manage the resources needed to educate students.

Using these Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Government Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2025, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts and interest are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

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

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well, such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, all School District activities are classified as governmental. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance, pupil transportation, operation of food service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the capital projects fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs. The School District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the general fund and the capital projects fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds

The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for medical and prescription self-insurance.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefits of the parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs.

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to fiscal year 2024 on a cash basis:

Table 1
Net Position
Governmental Activities

	2025	2024	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,898,630	\$7,941,549	\$957,081
Cash and Cash Equivalents with Fiscal Agents	1,396,512	1,684,805	(288,293)
<i>Total Assets</i>	<u>\$10,295,142</u>	<u>\$9,626,354</u>	<u>\$668,788</u>
Net Position			
Restricted	\$953,872	\$1,098,151	(\$144,279)
Unrestricted	9,341,270	8,528,203	813,067
<i>Total Net Position</i>	<u>\$10,295,142</u>	<u>\$9,626,354</u>	<u>\$668,788</u>

The School District's net position in fiscal year 2025 increased from fiscal year 2024, with an increase in equity in pooled cash and cash equivalents and a decrease in cash and cash equivalents with fiscal agents. The growth in equity in pooled cash and cash equivalents can be related to the School District diligently monitoring disbursements to manage the resources necessary to educate students. In addition, the School District saw an increase in property taxes as a result of a reappraisal which increased assessed property values. Cash and cash equivalents with fiscal agents decreased due to an increase in claims paid.

Overall, net position increased for fiscal year 2025 due to the growth in receipts, primarily increases in property taxes, income taxes, and interest, despite an increase in disbursements. The details of the changes in receipts and disbursements are discussed subsequently. The chart on the following page provides more detail on receipts and disbursements.

Table 2 shows the changes in net position for fiscal year 2025 compared to fiscal year 2024 on a cash basis:

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

Table 2
Changes in Net Position
Governmental Activities

	2025	2024	Change
Receipts			
Program Receipts:			
Charges for Services and Sales	\$541,710	\$604,012	(\$62,302)
Operating Grants, Contributions and Interest	1,503,315	1,968,407	(465,092)
Capital Grants and Contributions	10,364	10,481	(117)
Total Program Receipts	<u>2,055,389</u>	<u>2,582,900</u>	<u>(527,511)</u>
General Receipts:			
Property Taxes	5,704,005	5,082,995	621,010
Income Taxes	2,170,791	1,969,021	201,770
Grants and Entitlements not Restricted to Specific Programs	6,558,726	6,600,861	(42,135)
Unrestricted Contributions	687	3,150	(2,463)
Investment Earnings/Interest	453,121	360,559	92,562
Miscellaneous	28,408	30,599	(2,191)
Total General Receipts	<u>14,915,738</u>	<u>14,047,185</u>	<u>868,553</u>
Total Receipts	<u>16,971,127</u>	<u>16,630,085</u>	<u>341,042</u>
Program Disbursements			
Instruction:			
Regular	5,669,748	5,440,001	(229,747)
Special	2,165,982	1,939,971	(226,011)
Vocational	292,630	296,404	3,774
Support Services:			
Pupils	680,402	706,704	26,302
Instructional Staff	1,127,781	556,589	(571,192)
Board of Education	7,125	7,250	125
Administration	1,692,483	1,583,169	(109,314)
Fiscal	545,134	504,821	(40,313)
Operation and Maintenance of Plant	1,628,483	2,060,531	432,048
Pupil Transportation	1,035,220	1,092,013	56,793
Central	5,400	5,400	0
Operation of Non-Instructional Services	2,000	0	(2,000)
Operation of Food Services	498,396	487,205	(11,191)
Extracurricular Activities	622,920	517,298	(105,622)
Capital Outlay	18,090	18,936	846
Debt Service	310,545	708,275	397,730
Total Program Disbursements	<u>16,302,339</u>	<u>15,924,567</u>	<u>(377,772)</u>
Change in Net Position	668,788	705,518	(36,730)
Net Position Beginning of Year	<u>9,626,354</u>	<u>8,920,836</u>	<u>705,518</u>
Net Position End of Year	<u><u>\$10,295,142</u></u>	<u><u>\$9,626,354</u></u>	<u><u>\$668,788</u></u>

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

Grants and entitlements are the School District's largest source of receipts, followed by property taxes. The School District carefully monitors both of these receipts and uses both a five-year forecast and a spending plan to predict future receipts and disbursements of the School District. Grants and entitlements saw a decrease from the prior fiscal year as a result of decreases in State funding. Property taxes saw an increase from the prior fiscal year as a result of a reappraisal of property assessed values

Interest receipts increased due to rising interest rates.

Operating grants, contributions and interest program receipts decreased in fiscal year 2025 due to decreases in State funding.

Some of the significant disbursements during fiscal year 2025 were in the categories of regular and special instruction, administration, operation and maintenance of plant, and pupil transportation. Regular instruction disbursements are primarily salary and benefit costs for the School District's teachers. Regular and special instruction and administration disbursements increased in fiscal year 2025 primarily due to contractual wage increases as well as an increase in benefits. The increase in disbursements for the operation and maintenance of plant was mainly due to the increased cost of supplies and repairs including upgrades to fixed assets.

Governmental Activities

The School District has carefully planned its financial existence by forecasting its receipts and disbursements over the next five years. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

Nearly half of the School District's budget is used to fund instructional disbursements. Additional supporting services for pupils, staff, transportation, and other operations of the School District is the second largest area of disbursements. The remaining amount of program disbursements is budgeted to facilitate other obligations of the School District such as debt service, the food service program, and numerous extracurricular activities.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

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

Table 3
Governmental Activities

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Governmental Activities:				
Instruction:				
Regular	\$5,669,748	(\$5,476,170)	\$5,440,001	(\$5,207,462)
Special	2,165,982	(1,282,891)	1,939,971	(1,021,213)
Vocational	292,630	(228,541)	296,404	(238,956)
Support Services:				
Pupils	680,402	(675,671)	706,704	(642,111)
Instructional Staff	1,127,781	(1,068,657)	556,589	(483,765)
Board of Education	7,125	(7,072)	7,250	(7,250)
Administration	1,692,483	(1,680,061)	1,583,169	(1,583,169)
Fiscal	545,134	(518,287)	504,821	(504,821)
Operation and Maintenance of Plant	1,628,483	(1,588,470)	2,060,531	(1,601,422)
Pupil Transportation	1,035,220	(952,792)	1,092,013	(1,019,239)
Central	5,400	573	5,400	593
Operation of Non-Instructional Services	2,000	(2,000)	0	0
Operation of Food Services	498,396	(75,292)	487,205	(26,195)
Extracurricular Activities	622,920	(362,984)	517,298	(279,446)
Capital Outlay	18,090	(18,090)	18,936	(18,936)
Debt Service	310,545	(310,545)	708,275	(708,275)
Total	<u>\$16,302,339</u>	<u>(\$14,246,950)</u>	<u>\$15,924,567</u>	<u>(\$13,341,667)</u>

The negative numbers in Table 3 demonstrate that the receipts specific to each program are not enough to meet the disbursements of the School District. Because the remaining disbursements are covered by general receipts, the reliance upon local tax revenues for governmental activities is crucial.

School District's Funds

Information regarding the School District's major funds can be found beginning on page 16. These funds are accounted for using the cash basis method of accounting. Fund balance of total governmental funds increased for fiscal year 2025 due to the growth in receipts. The growth in receipts was primarily related to increases in property taxes, income taxes, interest, extracurricular activities, and rentals. The increase in property taxes is a result of increased assessed property values. Income taxes increased due to salary increases in the community. Interest increased due to an increase in interest rates. Extracurricular activities increased due to increased receipts for the robotics club and cheerleading. There was an increase in rentals due to an increase in the amount of times building were rented out. The most significant increase in disbursements was for instruction as a result of contractual wage increases and benefits as discussed previously. The general fund had a decrease in fund balance for fiscal year 2025 due to disbursements for contractual wage increases especially in instruction and support services - instructional staff and operation and maintenance of plant. The general fund transferred \$4,000,000 to the capital projects fund to provide for the acquisition, construction or improvement of fixed assets.

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

General Fund Budgeting Highlights

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

During the course of fiscal year 2025, the School District amended the general fund budget as necessary. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenditures but provide flexibility for program-based decisions and management.

For the general fund, the original budgeted receipts were less than final budgeted receipts. The actual receipts received were higher than the final budgeted receipts, mainly due to higher than anticipated receipts in various categories, including property taxes, income taxes, intergovernmental, interest, contributions and donation and rentals. Original budgeted disbursements were less than the final budget. Actual disbursements were less than the final budget, due to conservative spending.

The general fund's unencumbered ending cash balance was more than the final budgeted ending cash balance.

Capital Assets and Debt

Capital Assets

The School District maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

Debt

The following table summarizes the School District's bonds outstanding. More detailed information is presented in Note 14 to the basic financial statements.

Table 4
Outstanding Debt at Fiscal Year End
Governmental Activities

	2025	2024
Refunded Ohio School Facilities Commission Bonds	\$380,458	\$494,310
2017 School Facilities Construction and Improvement Bonds	1,187,389	1,332,112
Total	<u>\$1,567,847</u>	<u>\$1,826,422</u>

The 2001 school facilities bonds were issued for the local share of the School District's approved master plan with the Ohio School Facilities Commission. A portion of these bonds was refunded during fiscal year 2007. These refunded bonds will be fully repaid in fiscal year 2028.

The 2017 school facilities bonds were issued for the purpose of constructing, renovating, and improving school facilities, including athletic and vocational agriculture facilities. These bonds will be fully repaid in fiscal year 2032.

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

The School District's overall legal debt margin was \$22,526,403 with an unvoted debt margin of \$264,171 at fiscal year end. The School District maintains a bond rating of Aa1 by Moody's.

Current Issues Affecting Financial Conditions

The School District negotiated a three-year certified contract for fiscal years 2025-2027, with 3 percent base increases in all three years.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must continue to rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system and budget cuts at the State level.

Information currently available to support an accurate five-year forecast is very vague. Property taxes have always been fairly consistent in Knox County with a larger than normal increase in fiscal year 2024 due to a recent reappraisal, and the income tax collections have continued slow but steady growth for the past three years. The many unknown outcomes that may result from the State budget also make forecasting challenging.

The volatility of the foundation funding source, due to the concerns over uncertain funding sources such as casinos, video lottery terminals, and income tax cuts, has placed an undue burden on all districts. The School District will try to maintain our current educational program by remaining vigilant regarding expenses.

A steady increase in income taxes is expected to continue in fiscal year 2026 and beyond. The new funding formula implementation will continue to bring a very slight increase in funding for fiscal year 2026. A conservative approach to forecasting State funding is used in the School District's five year forecast. Student wellness dollars continue to flow through foundation.

As a result of the challenges mentioned, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

In summary, the Centerburg Local School District has committed itself to financial and educational excellence for many years to come.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Lori Houck, Treasurer, at Centerburg Local School District, 119 South Preston Street, Centerburg, Ohio 43011, or email at lori.houck@centerburgschools.org.

Basic Financial Statements

Centerburg Local School District
Statement of Net Position - Cash Basis
June 30, 2025

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,898,630
Cash and Cash Equivalents with Fiscal Agents	<u>1,396,512</u>
<i>Total Assets</i>	<u><u>\$10,295,142</u></u>
 Net Position	
Restricted for:	
Capital Projects	\$256,598
Debt Service	251,040
Food Service	174,020
Scholarships	84,061
Classroom Maintenance	44,563
Student Activities	100,653
Other Purposes	42,937
Unrestricted	<u>9,341,270</u>
<i>Total Net Position</i>	<u><u>\$10,295,142</u></u>

See accompanying notes to the basic financial statements

Centerburg Local School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2025

		Program Receipts			Net Receipts (Disbursements) and Changes in Net Position
	Cash	Charges for	Contributions	Capital Grants	Governmental
	Disbursements	Services and Sales	and Interest	and Contributions	Activities
Governmental Activities					
Instruction:					
Regular	\$5,669,748	\$47,790	\$145,788	\$0	(\$5,476,170)
Special	2,165,982	13,098	869,993	0	(1,282,891)
Vocational	292,630	2,107	61,982	0	(228,541)
Support Services:					
Pupils	680,402	4,731	0	0	(675,671)
Instructional Staff	1,127,781	8,025	51,099	0	(1,068,657)
Board of Education	7,125	53	0	0	(7,072)
Administration	1,692,483	12,422	0	0	(1,680,061)
Fiscal	545,134	4,004	22,843	0	(518,287)
Operation and Maintenance of Plant	1,628,483	10,915	18,734	10,364	(1,588,470)
Pupil Transportation	1,035,220	7,051	75,377	0	(952,792)
Central	5,400	0	5,973	0	573
Operation of Non-Instructional Services	2,000	0	0	0	(2,000)
Operation of Food Services	498,396	199,193	223,911	0	(75,292)
Extracurricular Activities	622,920	232,321	27,615	0	(362,984)
Capital Outlay	18,090	0	0	0	(18,090)
Debt Service	310,545	0	0	0	(310,545)
<i>Total</i>	<u>\$16,302,339</u>	<u>\$541,710</u>	<u>\$1,503,315</u>	<u>\$10,364</u>	<u>(14,246,950)</u>

General Receipts

Property Taxes Levied for:	
General Purposes	5,314,596
Debt Service	295,611
Capital Projects	93,798
Income Taxes Levied for General Purposes	2,170,791
Grants and Entitlements not Restricted to Specific Programs	6,558,726
Unrestricted Contributions	687
Investment Earnings/Interest	453,121
Miscellaneous	28,408
<i>Total General Receipts</i>	<u>14,915,738</u>
Change in Net Position	668,788
<i>Net Position Beginning of Year</i>	<u>9,626,354</u>
<i>Net Position End of Year</i>	<u><u>\$10,295,142</u></u>

See accompanying notes to the basic financial statements

Centerburg Local School District
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2025

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,947,922	\$4,000,000	\$950,708	\$8,898,630
Fund Balances				
Restricted	\$0	\$0	\$953,872	\$953,872
Committed	521,201	0	0	521,201
Assigned	735,018	4,000,000	0	4,735,018
Unassigned (Deficit)	2,691,703	0	(3,164)	2,688,539
<i>Total Fund Balances</i>	<u>\$3,947,922</u>	<u>\$4,000,000</u>	<u>\$950,708</u>	<u>\$8,898,630</u>

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances	\$8,898,630
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*Amounts reported for governmental activities in the
statement of net position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.

1,396,512

Net Position of Governmental Activities

\$10,295,142

See accompanying notes to the basic financial statements

Centerburg Local School District
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$5,314,596	\$0	\$389,409	\$5,704,005
Income Taxes	2,170,791	0	0	2,170,791
Intergovernmental	7,100,348	0	936,824	8,037,172
Investment Earnings/Interest	387,052	0	2,304	389,356
Tuition and Fees	105,177	0	0	105,177
Extracurricular Activities	9,966	0	219,764	229,730
Contributions and Donations	4,937	0	28,679	33,616
Charges for Services	964	0	199,193	200,157
Rentals	6,646	0	0	6,646
Miscellaneous	28,058	0	350	28,408
<i>Total Receipts</i>	<u>15,128,535</u>	<u>0</u>	<u>1,776,523</u>	<u>16,905,058</u>
Disbursements				
Current:				
Instruction:				
Regular	5,359,157	0	146,337	5,505,494
Special	1,747,042	0	396,354	2,143,396
Vocational	281,048	0	0	281,048
Support Services:				
Pupils	630,960	0	0	630,960
Instructional Staff	1,070,347	0	52,046	1,122,393
Board of Education	7,125	0	0	7,125
Administration	1,656,909	0	0	1,656,909
Fiscal	534,119	0	7,154	541,273
Operation and Maintenance of Plant	1,455,906	0	149,783	1,605,689
Pupil Transportation	940,456	0	55,883	996,339
Central	0	0	5,400	5,400
Operation of Non-Instructional Services	0	0	2,000	2,000
Operation of Food Services	0	0	498,396	498,396
Extracurricular Activities	354,892	0	268,028	622,920
Capital Outlay	0	0	18,090	18,090
Debt Service:				
Principal Retirement	0	0	245,000	245,000
Interest	0	0	65,545	65,545
<i>Total Disbursements</i>	<u>14,037,961</u>	<u>0</u>	<u>1,910,016</u>	<u>15,947,977</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,090,574</u>	<u>0</u>	<u>(133,493)</u>	<u>957,081</u>
Other Financing Sources (Uses)				
Transfers In	0	4,000,000	0	4,000,000
Transfers Out	(4,000,000)	0	0	(4,000,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,000,000)</u>	<u>4,000,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(2,909,426)</u>	<u>4,000,000</u>	<u>(133,493)</u>	<u>957,081</u>
<i>Fund Balances Beginning of Year</i>	<u>6,857,348</u>	<u>0</u>	<u>1,084,201</u>	<u>7,941,549</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,947,922</u></u>	<u><u>\$4,000,000</u></u>	<u><u>\$950,708</u></u>	<u><u>\$8,898,630</u></u>

See accompanying notes to the basic financial statements

Centerburg Local School District

*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds	\$957,081
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*Amounts reported for governmental activities in the
statement of activities are different because:*

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

(288,293)

Change in Net Position of Governmental Activities

\$668,788

See accompanying notes to the basic financial statements

Centerburg Local School District
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property Taxes	\$5,133,020	\$5,133,020	\$5,314,596	\$181,576
Income Taxes	2,001,000	2,056,000	2,170,791	114,791
Intergovernmental	6,907,245	7,066,070	7,100,348	34,278
Interest	300,000	300,000	387,046	87,046
Tuition and Fees	160,000	160,000	105,177	(54,823)
Contributions and Donations	2,000	2,000	2,687	687
Rentals	6,000	6,000	6,646	646
Miscellaneous	125,800	125,800	28,058	(97,742)
<i>Total Receipts</i>	<u>14,635,065</u>	<u>14,848,890</u>	<u>15,115,349</u>	<u>266,459</u>
Disbursements				
Current:				
Instruction:				
Regular	5,926,310	6,011,624	5,415,666	595,958
Special	1,879,196	1,888,482	1,766,869	121,613
Vocational	336,904	336,904	281,986	54,918
Support Services:				
Pupils	962,383	962,383	655,933	306,450
Instructional Staff	770,022	1,284,660	1,131,933	152,727
Board of Education	10,000	10,000	7,125	2,875
Administration	1,892,474	1,942,474	1,732,409	210,065
Fiscal	567,003	572,403	536,738	35,665
Operation and Maintenance of Plant	2,188,234	2,418,596	2,155,473	263,123
Pupil Transportation	1,316,612	1,281,612	1,082,258	199,354
Extracurricular Activities	429,744	429,744	348,554	81,190
<i>Total Disbursements</i>	<u>16,278,882</u>	<u>17,138,882</u>	<u>15,114,944</u>	<u>2,023,938</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,643,817)</u>	<u>(2,289,992)</u>	<u>405</u>	<u>2,290,397</u>
Other Financing Sources (Uses)				
Transfers Out	<u>0</u>	<u>(2,500,000)</u>	<u>(4,000,000)</u>	<u>(1,500,000)</u>
<i>Net Change in Fund Balance</i>	<u>(1,643,817)</u>	<u>(4,789,992)</u>	<u>(3,999,595)</u>	<u>790,397</u>
<i>Fund Balance Beginning of Year</i>	<u>6,115,489</u>	<u>6,115,489</u>	<u>6,115,489</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>728,017</u>	<u>728,017</u>	<u>728,017</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,199,689</u>	<u>\$2,053,514</u>	<u>\$2,843,911</u>	<u>\$790,397</u>

See accompanying notes to the basic financial statements

Centerburg Local School District
Statement of Fund Net Position - Cash Basis
Internal Service Fund
June 30, 2025

		<hr/>	
		Insurance	
		<hr/>	
Assets			
Cash and Cash Equivalents with Fiscal Agents		\$1,396,512	
		<hr/>	
Net Position			
Unrestricted		\$1,396,512	
		<hr/>	

See accompanying notes to the basic financial statements

Centerburg Local School District
Statement of Receipts, Disbursements and
Changes in Fund Net Position - Cash Basis
Internal Service Fund
For the Fiscal Year Ended June 30, 2025

	<u>Insurance</u>
Operating Receipts	
Charges for Services	<u>\$1,671,140</u>
Operating Disbursements	
Purchased Services	700,777
Claims	<u>1,324,725</u>
<i>Total Operating Disbursements</i>	<u>2,025,502</u>
<i>Operating Income (Loss)</i>	(354,362)
Non-Operating Receipts	
Investment Earnings/Interest	<u>66,069</u>
<i>Change in Net Position</i>	(288,293)
<i>Net Position Beginning of Year</i>	<u>1,684,805</u>
<i>Net Position End of Year</i>	<u><u>\$1,396,512</u></u>

See accompanying notes to the basic financial statements

Centerburg Local School District
Statement of Fiduciary Net Position - Cash Basis
Custodial Funds
June 30, 2025

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$3,000</u>
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Net Position

Restricted for Individuals	<u>\$3,000</u>
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See accompanying notes to the basic financial statements

Centerburg Local School District
Statement of Changes in Fiduciary Net Position - Cash Basis
Custodial Funds
For the Fiscal Year Ended June 30, 2025

Additions

Contributions and Donations	\$8,000
Other Amounts Collected for Distribution	<u>2,000</u>

Total Additions 10,000

Deductions

Other Distributions - Scholarship Beneficiaries	<u>8,950</u>
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Change in Net Position 1,050

Net Position Beginning of Year 1,950

Net Position End of Year \$3,000

See accompanying notes to the basic financial statements

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

Note 1 – Description of the School District and Reporting Entity

Centerburg Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and Federal agencies. The Board of Education controls the School District's 2 instructional facilities, 1 administrative building, and 1 garage staffed by 35 classified employees and 80 certificated full-time teaching personnel who provide services to 1,038 students and other community members.

Reporting Entity

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

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

The School District participates in the Metropolitan Educational Technology Association and the Knox County Career Center, jointly governed organizations, and in the Ohio School Boards Association Workers' Compensation Group Rating Program and the Jefferson Health Plan, insurance purchasing pools. These organizations are presented in Notes 9 and 10 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting Portion of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

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

Basis of Presentation

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

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

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the School District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the School District.

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

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

Fund Accounting

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

Governmental Funds The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are:

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

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

Capital Projects Fund The capital projects fund is used to account for and report transfers assigned to the acquisition, construction or improvement of capital facilities.

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

Proprietary Fund The School District classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds. The School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for medical and prescription benefits of School District employees.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District as fiscal agent for individuals and other organizations.

Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Cash and Cash Equivalents

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

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

During fiscal year 2025, the School District invested in STAR Ohio, negotiable certificates of deposit, US Treasury notes, and a money market account. Investments are reported at cost, except for the money market account and STAR Ohio. The School District's money market account investment is recorded at the amount reported by Northern Institutional Funds at June 30, 2025.

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2025 amounted to \$387,052, which includes \$212,459 assigned from other School District funds.

The School District participates in the Jefferson Health Plan insurance consortium for self-insurance. These monies are reflected on the statement of net position as "cash and cash equivalents with fiscal agents." The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

For fiscal year 2025, GASB Statement No. 101, *Compensated Absences*, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements.

School District employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

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

Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Pensions/Other Postemployment Benefits (OPEB)

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

Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received, and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or SBITA is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and SBITA payments are reported when paid.

Leases and SBITAs

The School District is the lessee (as defined by GASB 87) in several leases related to equipment under noncancelable leases. Lease payables are not reflected under the School District's cash basis of accounting. Lease disbursements are recognized when they are paid.

The School District has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems, scheduling, grading systems and various other software. Subscription liabilities are not reflected under the School District's cash basis of accounting. Subscription disbursements are recognized when they are paid.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District

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

Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance to purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education assigned fund balance for public school support and to cover a gap between estimated revenues and appropriations in the fiscal year 2026 budget.

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

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

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for district managed activities and network connectivity. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

Interfund Transactions

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased

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

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 cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the original and final appropriations were passed by the Board of Education.

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.

New Accounting Pronouncements

For fiscal year 2025, the School District implemented GASB Statement No. 102, *Certain Risk Disclosures*, but had no disclosures related to concentrations or constraints. This GASB pronouncement relates to note disclosure only and had no effect on beginning net position/fund balance.

Note 3 – Compliance and Accountability

Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles; however, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined.

Accountability

As of June 30, 2025, the title II-A special revenue funds had negative cash fund balance of \$3,164. The cash deficit is the result of monies being expended with the expectation that the School District will be reimbursed during fiscal year 2026.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis), amounted to \$1,086,443. The Amvets Post 59 trust and the public school support funds are included with the general fund on the statement of assets and fund balances, as they do not have a committed or restricted receipt source. The net change in fund balance was an increase of \$761 for the Amvets Post 59 trust fund and an increase of \$2,965 for the public school support fund.

Centerburg Local School District
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For the Fiscal Year Ended June 30, 2025

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Board 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's 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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in 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;

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

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

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 School District, and must be purchased with the expectation that it will be held to maturity.

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

Cash with Fiscal Agents

At June 30, 2025, the School District's self-insurance internal service fund had a balance of \$1,396,512 with the Jefferson Health Plan, a claims servicing pool (See Note 10). 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, Steubenville, Ohio 43952.

Investments

The fair value of these investments is not materially different from measurement value. As of June 30, 2025, the School District had the following investments:

Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
STAR Ohio	\$5,818,726	30.4 Days	AAAm	N/A
Negotiable Certificates of Deposit	375,000	Less than 1 year	N/A	5.77%
Negotiable Certificates of Deposit	125,000	Less than 2 years	N/A	N/A
US Treasury Notes	122,539	Less than 1 year	N/A	N/A
Money Market Account	52,437	Average 39 days	AAAm	N/A
Total Investments	<u>\$6,493,702</u>			

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk according to the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

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

Credit Risk Investments of the School District carry ratings as indicated in the preceding table. The School District has no investment policy dealing with investment credit risk beyond the requirements of state Statutes. Ohio law requires the STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 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 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024, and are collected in calendar year 2025 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Knox, Licking, and Delaware Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$282,480,213	96.92%	\$286,523,006	96.74%
Public Utility Personal	8,980,640	3.08	9,652,250	3.26
Total Assessed Values	<u>\$291,460,853</u>	<u>100.00%</u>	<u>\$296,175,256</u>	<u>100.00%</u>

Tax Rate per \$1,000 of assessed valuation	\$35.22	\$35.16
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During fiscal year 2025, the tax rate decreased due to a decrease in the bond retirement rate. The bond retirement rate decreased due to the increase in assessed values and so that the bond levy would meet its collection amount to provide for debt payments. The classroom maintenance fund did not receive property tax money in fiscal year 2025.

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

Note 7 – Income Tax

The School District levies a voted tax of 0.75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1998, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

Note 8 – Fund Balance

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<i>Restricted for:</i>				
Capital Projects	\$0	\$0	\$256,598	\$256,598
Debt Service	0	0	251,040	251,040
Food Service Operations	0	0	174,020	174,020
Scholarships	0	0	84,061	84,061
Classroom Maintenance	0	0	44,563	44,563
Student Activities	0	0	100,653	100,653
Other Purposes:				
District Managed Activities	0	0	41,764	41,764
Network Connectivity	0	0	1,173	1,173
<i>Total Restricted</i>	0	0	953,872	953,872
<i>Committed to:</i>				
Student Instruction	7,109	0	0	7,109
Support Services	514,092	0	0	514,092
<i>Total Committed</i>	521,201	0	0	521,201
<i>Assigned to:</i>				
Fiscal Year 2026 Operations	158,877	0	0	158,877
Purchases on Order:				
Student Instruction	70,374	0	0	70,374
Support Services	491,955	0	0	491,955
Capital Outlay	0	4,000,000	0	4,000,000
Extracurricular	2,913	0	0	2,913
Public School Support	10,899	0	0	10,899
<i>Total Assigned</i>	735,018	4,000,000	0	4,735,018
<i>Unassigned (Deficit)</i>	2,691,703	0	(3,164)	2,688,539
<i>Total Fund Balances</i>	\$3,947,922	\$4,000,000	\$950,708	\$8,898,630

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

Note 9 – Jointly Governed Organizations

Metropolitan Educational Technology Association The School District is a participant in the Metropolitan Educational Technology Association (META), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. The School District paid \$76,221 to META during fiscal year 2025 for services. Financial information can be obtained from Ashley Widby, CFO, 100 Executive Drive, Marion, Ohio 43302.

Knox County Career Center The Knox County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The School District paid \$440 to Knox County Career Center during fiscal year 2025 for services. To obtain financial information, write to the Knox County Career Center, Tracy Elliott, who serves as Treasurer, at 306 Martinsburg Road, Mount Vernon, Ohio 43050.

Note 10 – Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as 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.

Jefferson Health Plan

The School District participates in the Jefferson Health Plan, a risk-sharing, claims servicing, and insurance purchasing pool composed of 145 members. Each participant appoints a member of the insurance plans' assembly. The Plan's business and affairs are conducted by a nine-member Board of Directors elected from the assembly. The plan offers medical, prescription, vision, and dental coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$1,500,000, and all claims between the deductible and the \$1,500,000 are paid from the internal shared risk pool. The internal pool is not owned by the 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

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

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 \$1,500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administration fee for fiscal services and third-party administrative services.

Note 11 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Centerburg Local School District
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For the Fiscal Year Ended June 30, 2025

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$235,404 for fiscal year 2025.

Centerburg Local School District
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For the Fiscal Year Ended June 30, 2025

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$766,759 for fiscal year 2025.

Net Pension Liability

The net pension liability (asset) was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03762180%	0.03920955%	
Prior Measurement Date	0.04036100%	0.03912017%	
Change in Proportionate Share	<u>-0.00273920%</u>	<u>0.00008938%</u>	
Proportionate Share of the Net Pension Liability	\$1,924,581	\$7,544,551	\$9,469,132

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.

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

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

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

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

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

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

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

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$2,944,340	\$1,924,581	\$1,065,996

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Actuarial Assumptions – STRS

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

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Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$12,170,683	\$7,544,551	\$3,631,638

Note 12 – Defined Benefit OPEB Plans

See Note 11 for a description of the net OPEB liability.

School Employees Retirement System (SERS)

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

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$27,101.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$27,101 for fiscal year 2025.

State Teachers Retirement System (STRS)

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

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Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.038265500%	0.039209550%	
Prior Measurement Date	0.041300300%	0.039120170%	
Change in Proportionate Share	<u>0.003034800%</u>	<u>-0.000089380%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$389,733	\$0	\$389,733
Net OPEB (Asset)	0	(743,730)	(743,730)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented below:

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

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

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

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

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$519,694	\$389,733	\$286,460

	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%)
School District's proportionate share of the net OPEB liability	\$263,444	\$389,733	\$555,727

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or

Centerburg Local School District
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one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$604,702)	(\$743,730)	(\$864,715)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$872,888)	(\$743,730)	(\$588,402)

Note 13 – Other Employee Benefits

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to all contracted employees through the Grady Benefits. The district changed insurance providers from Anthem Life Benefits to Grady Benefits on January 1, 2025.

Deferred Compensation

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

Note 14 – Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District's bonds follow:

Debt Issue	Interest Rate	Issue Amount	Year of Maturity
2007 Refunded Ohio School Facilities Commission Bonds:			
Current Interest Term Bonds	3.80 - 5.75%	\$2,325,000	2007 to 2027
2017 School Facilities Construction and Improvement Bonds:			
Current Interest Term Bonds	4.00	1,635,000	2025 to 2031

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Changes in long-term obligations of the School District during fiscal year 2025 were as follows:

	Principal Outstanding June 30, 2024	Additions	Deductions	Principal Outstanding June 30, 2025	Amount Due in One Year
Governmental Activities					
General Obligation Bonds:					
2007 Refunded Ohio School Facilities Commission Bonds:					
Current Interest Term Bonds	\$485,000	\$0	\$110,000	\$375,000	\$120,000
Premium on Bonds	43,655	0	18,064	25,591	0
Unamortized Loss	(34,345)	0	(14,212)	(20,133)	0
Total 2007 Refunded Ohio School Facilities Commission Bonds	494,310	0	113,852	380,458	120,000
2017 School Facilities Construction and Improvement Bonds:					
Current Interest Term Bonds	1,260,000	0	135,000	1,125,000	140,000
Premium on Bonds	72,112	0	9,723	62,389	0
Total 2017 School Facilities Construction and Improvement Bonds	1,332,112	0	144,723	1,187,389	140,000
Total Governmental Activities	\$1,826,422	\$0	\$258,575	\$1,567,847	\$260,000

General obligation bonds will be paid from the debt service fund.

On October 4, 2006, the School District issued \$4,354,998 in general obligation bonds to refund a portion of the 2001 Ohio School Facilities Commission general obligation bonds in order to take advantage of lower interest rates. The bonds included serial, term, and capital appreciation (deep discount) bonds in the amount of \$1,835,000, \$2,325,000, and \$194,998, respectively. The capital appreciation bonds matured in December of 2015. The serial bonds matured in December of 2023.

The term bond maturing on December 1, 2027, is subject to mandatory sinking fund redemption requirements at a redemption price of 100 percent of the principal amounts to be redeemed, plus accrued interest to the date of redemption, on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue
	<u>\$485,000</u>
2025	\$120,000
2026	<u>125,000</u>
Total	<u>\$245,000</u>
<i>Stated Maturity</i>	<i>12/1/2027</i>

The remaining principal amount of the term bond (\$130,000) will mature at the stated maturity.

On January 31, 2017, the School District issued \$2,100,000 in general obligation bonds for the purpose of constructing, renovating, and improving school facilities, including athletic and vocational agriculture facilities, and improving technology infrastructure and safety and security systems. The bonds were issued at a premium of \$140,172 and include serial and term bonds in the amounts of \$465,000 and \$1,635,000, respectively. The bonds were issued for a 15-year period with final maturity at December 1, 2031. Interest payments of 3 to 4 percent per year are due on June 1 and December 1 of each year, until the principal amount is paid. The serial bonds matured in December of 2020.

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Optional Redemption The bonds maturing after December 1, 2026, are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after December 1, 2026, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption The term bonds maturing on December 1, 2025 and 2031, respectively, are subject to mandatory sinking fund redemption requirements at a redemption price of 100 percent of the principal amounts to be redeemed, plus accrued interest to the date of redemption, on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue	
	\$650,000	\$985,000
2026	\$0	\$150,000
2027	0	155,000
2028	0	160,000
2029	0	165,000
2030	0	175,000
Total	\$0	\$805,000
<i>Stated Maturity</i>	<i>12/1/2025</i>	<i>12/1/2031</i>

The remaining principal amounts of the term bonds (\$140,000 and \$180,000) will mature at the stated maturity.

The overall debt margin of the School District as of June 30, 2025, was \$22,526,403 with an unvoted debt margin of \$264,171. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2025, are as follows:

Fiscal Year Ended June 30	General Obligation Bonds	
	Term Bonds	
	Principal	Interest
2026	\$260,000	\$55,273
2027	275,000	44,389
2028	285,000	32,998
2029	160,000	24,000
2030	165,000	17,500
2031-2032	355,000	14,300
Total	\$1,500,000	\$188,460

Note 15 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2025, the School District contracted with the Ohio School Plan for various types of insurance as follows:

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Type of Coverage	Deductible	Coverage
Property (Replacement Cost)	\$1,000	\$103,912,495
General Liability:		
Per Occurrence	0	1,000,000
In Aggregate	0	3,000,000
Automobile Liability	250 - 1,000	1,000,000
Employers' Liability (Ohio Stop-Gap)	0	1,000,000
Fiduciary Liability and Legal Liability:		
Per Occurrence	2,500	1,000,000
In Aggregate	0	3,000,000
Security and Law Enforcement Liability:		
Per Occurrence	0	1,000,000
In Aggregate	0	3,000,000
Crime Coverage	1,000-5,000	1,000,000

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

Workers' Compensation

For fiscal year 2025, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Employee Insurance Benefits

Insurance is offered to employees through a self-insurance internal service fund. Monthly premiums for the cost of claims are remitted to the fiscal agent who in turn pays the claims on the School District's behalf. The actuarial liability at June 30, 202, of \$292,165 (latest information available), which is based on an estimate provided by the third-party administrator, includes unpaid claim costs and estimates of costs relating to incurred but not reported claims. The estimate was not affected by incremental claim adjustment expense and does not include other allocated or unallocated claim adjustment expenses. A comparison of self-insurance fund cash and investment to the actuarially-measured liability as of June 30 follows:

Year	Cash and Investments	Actuarial Liability
2024	\$1,684,804	\$163,422
2025	1,396,509	292,165

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

Note 16 – Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, DEW has finalized adjustments to the School District's foundation funding and these adjustments did not have a material impact on the financial statement presentation,

Litigation

As of June 30, 2025, the School District was not party to any legal proceedings.

Note 17 – Set-Aside Requirements

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year 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 fiscal year end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2024	\$0
Current Year Set-Aside Requirement	252,861
Current Year Offsets	(104,162)
Prior Year Offset from Bond Proceeds	<u>(148,699)</u>
Total	<u><u>\$0</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-Aside Reserve Balance as of June 30, 2025	<u><u>\$0</u></u>

The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the reserve for capital improvements to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods.

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

Note 18 – Interfund Transfers

During the fiscal year ended June 30, 2025, the School District made transfers of \$4,000,000 from the general fund to the capital projects fund in order to fund the account in accordance with School District policy.

Note 19 – Encumbrances

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

General	\$1,086,443
Other Governmental Funds	<u>92,835</u>
Total Governmental Funds	<u><u>\$1,179,278</u></u>

Note 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2025, the School District received COVID-19 funding. The School District spent all available COVID-19 funding consistent with the applicable program guidelines.

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**CENTERBURG LOCAL SCHOOL DISTRICT
KNOX COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education & Workforce</i>		
Child Nutrition Cluster		
Non-Cash Assistance		
National School Lunch Program-Commodities	10.555	\$ 19,040
Cash Assistance:		
School Breakfast Program	10.553	44,791
National School Lunch Program	10.555	<u>172,568</u>
Total U.S. Department of Agriculture / Child Nutrition Cluster		<u>236,399</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education & Workforce</i>		
Special Education Cluster:		
Special Education-Grants to States	84.027A	252,361
Special Education Preschool Grants	84.173A	<u>3,200</u>
Total Special Education Cluster		255,561
Title I Grants to Local Education Agencies	84.010A	160,793
Supporting Effective Instruction State Grants	84.367A	35,756
Student Support and Academic Enrichment Program	84.424A	14,904
Education Stabilization Fund	84.425U	<u>201,043</u>
Total U.S. Department of Education		<u>668,057</u>
Total Expenditures of Federal Awards		<u>\$ 904,456</u>

The accompanying notes are an integral part of this schedule.

**CENTERBURG LOCAL SCHOOL DISTRICT
KNOX COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010A	\$ 10,847
Special Education - Grants to States	84.027A	\$ 4
Supporting Effective Instruction State Grants	84.367A	\$ 3,854
		<u>\$ 14,705</u>

OHIO AUDITOR OF STATE KEITH FABER

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

Centerburg Local School District
Knox County
119 South Preston St.
Centerburg, Ohio 43011

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Centerburg Local School District, Knox County, Ohio (the School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated January 20, 2026, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The School 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



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

January 20, 2026

OHIO AUDITOR OF STATE KEITH FABER

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

Centerburg Local School District
Knox County
119 South Preston Street
Centerburg, Ohio 43011

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on the Special Education Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Centerburg Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster for the year ended June 30, 2025.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Centerburg Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on the Special Education Cluster

As described in finding 2025-002 in the accompanying schedule of findings, the School District did not comply with requirements regarding procurement and suspension and debarment applicable to its Special Education Cluster major federal program.

Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2025-002 to be a material weakness.

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.

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

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

KEITH FABER
Ohio Auditor of State



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

January 20, 2026

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**CENTERBURG LOCAL SCHOOL DISTRICT
KNOX COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified – Special Education Cluster Unqualified – Education Stabilization Fund
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Special Education Cluster (IDEA) Education Stabilization Fund AL #84.425
(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

**CENTERBURG LOCAL SCHOOL DISTRICT
KNOX COUNTY**

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

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

FINDING NUMBER 2025-001

Annual Filing - Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the School District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School District's ability to evaluate and monitor the overall financial condition of the School District. To help provide the users with more meaningful financial statements, the School District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: Refer to Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

Suspension & Debarment - Material Weakness and Noncompliance

Finding Number:	2025-002
Assistance Listing Number and Title:	Special Education Cluster
Federal Award Identification Number / Year:	None / 2025
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Procurement, Suspension & Debarment
Pass-Through Entity:	Ohio Dept. of Education and Workforce
Repeat Finding from Prior Audit?	No

2 CFR § 3485 gives regulatory effect to the Department of Education for **2 CFR 180.305** states that Non-Federal entities are prohibited from entering into a covered transaction with parties that are suspended or debarred or whose principals are suspended or debarred, unless the Federal agency responsible for the transaction grants an exception under 2 CFR § 180.135.

**CENTERBURG LOCAL SCHOOL DISTRICT
KNOX COUNTY**

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

FINDING NUMBER 2025-002 (continued)

Suspension & Debarment - Material Weakness and Noncompliance

2 CFR 180.200 identifies “covered transactions” as nonprocurement or procurement transactions at the primary tier, between a Federal agency and a person; or at the lower tier, between a participant in a covered transaction and another person. Procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) are covered transactions if the contracts are expected to equal or exceed \$25,000 or meet certain other specified criteria outlined in 2 CFR § 180.220. All nonprocurement transactions as defined in 2 CFR § 180.970 (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless exempt by 2 CFR § 180.215.

When a non-Federal entity enters into a covered transaction, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the System of Award Management (SAM) exclusions (<https://sam.gov/content/home>); collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity.

School District Federal Procurement Policy 6325 states that for contracts over \$25,000, the School District shall confirm that the vendor is not debarred or suspended by either checking the Federal government's SAM exclusions website, which maintains a list of such debarred or suspended vendors; collecting a certification from the vendor; or adding a clause or condition to the covered transaction with that vendor.

The School District did not have the proper internal controls in place to verify that all entities, with whom the School District had entered into covered transactions, had not been suspended or debarred. During testing of procurement for the Special Education Individuals with Disabilities Education Act (IDEA) program, we noted the School District expended more than \$25,000 to the Knox County ESC and there was no evidence the School District checked the SAM exclusions, collected a certification from the ESC, or added a clause or condition to the covered transaction with the vendor. Due to the deficient internal control structure, the required verification was not completed for the only covered transaction in the Special Education IDEA program during fiscal year 2025.

Failing to have the appropriate controls in place may result in vendors receiving federal funds that are suspended or debarred. As a result, we have qualified our opinion over the School District's Special Education Cluster IDEA federal program.

Prior to contracting with vendors who will be paid with federal funds, the School District should verify vendors are not suspended or debarred by checking the SAM exclusions, collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor.

Officials' Response: Refer to Corrective Action Plan.

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Centerburg Local School District

Ryan Gallwitz

Superintendent

740-625-6346

Lori Houck

Treasurer

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Miguel Thompson

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Fax: 740-625-5799

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001 2023-001	Ohio Rev. Code §117.38 Annual Financial Report not prepared in accordance with generally accepted accounting principles. Finding initially issued during Fiscal Year 2012.	Not Corrected	The Board of Education voted unanimously in April 2012 res. #061-12 not to report to GAAP. Given the size of the school district, the cost to report on GAAP exceeds the benefits. Reissued as Finding 2025-001.

An Equal Employment/Educational Opportunity

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Centerburg Local School District

Ryan Gallwitz

Superintendent
740-625-6346

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CORRECTIVE ACTION PLAN

2 CFR §200.511(C)

FISAL YEAR ENDING JUNE 30, 2025

Finding Number: 2025-001

Planned Corrective Action Plan: The Board of Education voted unanimously April 2012 Res #061-12 not to report on GAAP. Given the size of the school district, the cost to report on GAAP greatly exceeds the benefits.

Anticipated Completion Date: Reassess Annually

Responsible Contact Person: Lori Houck, District Treasurer

Finding Number: 2025-002

Planned Corrective Action Plan: A SAM search of the Knox County Educational Service Center will be completed annually when the “request for approval for a Noncompetitive proposal when procuring personnel-based services from a high performing educational service center” application is filed. This is typically completed in February, and the SAM search has been added to my notes to do at the same time.

Anticipated Completion Date: February 28, 2026

Responsible Contact Person: Lori Houck, District Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



CENTERBURG LOCAL SCHOOL DISTRICT

KNOX COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/10/2026

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

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