



OHIO AUDITOR OF STATE
KEITH FABER



**EATON COMMUNITY SCHOOL DISTRICT
PREBLE COUNTY
JUNE 30, 2024**

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PREBLE COUNTY
JUNE 30, 2024**

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OHIO AUDITOR OF STATE

KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Eaton Community School District
Preble County
306 Eaton Lewisburg Road
Eaton, Ohio 45320

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Eaton Community School District, Preble County, Ohio (the District), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Eaton Community School District, as of June 30, 2024, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with the modified cash-basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the 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 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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 modified cash basis of accounting described in Note 1, and for determining that the modified 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions are presented for purposes of additional analysis and are 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, these schedules are 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 April 18, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2025

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EATON COMMUNITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 are as follows:

- In total, net position increased \$2,838,895. Net position of governmental activities increased \$2,753,487, which represents an 11% increase from 2023. Net position of business-type activities increased \$85,408 from 2023.
- General receipts accounted for \$31,156,956 or 86% of all receipts for governmental activities. Program specific receipts in the form of charges for services and grants and contributions accounted for \$4,925,783 or 14% of total governmental receipts of \$36,082,739.
- The District had \$33,329,252 in disbursements related to governmental activities; \$4,925,783 of these disbursements were offset by program specific charges for services and operating grants or contributions. General receipts of \$31,156,956 were also available to provide for these programs.
- Among major funds, the General Fund had \$27,839,439 in receipts and \$27,491,743 in disbursements. The General Fund's fund balance increased \$423,509 to \$13,199,195.
- Net position for the enterprise fund increased \$85,408.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Report Components

The statement of net position and the statement of activities provide information about the modified cash activities of the District as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. The notes to the financial statements are an integral part of the District's government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Statements

The statement of net position and the statement of activities reflect how the District did financially during the fiscal year, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the 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 District's general receipts. These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors such as the District's property tax base, the condition of the District's capital assets, the extent of the 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.

The government-wide financial statements of the District are divided into two categories:

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

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the costs of the goods or services provided. The District's food service fund is reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis **For the Fiscal Year Ended June 30, 2024**

Unaudited

Governmental Funds – Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the 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 District's programs. The 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 programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – When the District charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. When the services are provided to other departments of the District, the service is reported as an internal service fund.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net position for fiscal year 2024 compared to 2023.

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2024	2023
	2024	2023	2024	2023	2024	2023
Cash and Investments	\$27,893,208	\$25,139,721	\$556,872	\$471,464	\$28,450,080	\$25,611,185
Total assets	27,893,208	25,139,721	556,872	471,464	28,450,080	25,611,185
Net position						
Restricted	16,617,231	14,608,501	0	0	16,617,231	14,608,501
Unrestricted	11,275,977	10,531,220	556,872	471,464	11,832,849	11,002,684
Total net position	\$27,893,208	\$25,139,721	\$556,872	\$471,464	\$28,450,080	\$25,611,185

The District's net position increased approximately 11%. The government-wide unrestricted net position of \$11,832,849 may be used to meet the District's ongoing obligations to citizens and creditors.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Unaudited

Change in Net Position – The following table shows the change in net position for fiscal year 2024 compared to 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Receipts						
Program Receipts:						
Charges for Services and Sales	\$968,034	\$928,999	\$408,115	\$466,418	\$1,376,149	\$1,395,417
Operating Grants and Contributions	3,957,749	2,979,077	698,699	650,088	4,656,448	3,629,165
Total Program Receipts	4,925,783	3,908,076	1,106,814	1,116,506	6,032,597	5,024,582
General receipts:						
Property Taxes	11,330,802	9,693,227	0	0	11,330,802	9,693,227
Income Taxes	5,904,491	5,877,299	0	0	5,904,491	5,877,299
Grants and Entitlements	12,032,862	11,270,514	0	0	12,032,862	11,270,514
Other	1,888,801	1,205,179	0	0	1,888,801	1,205,179
Total General Receipts	31,156,956	28,046,219	0	0	31,156,956	28,046,219
Total Receipts	36,082,739	31,954,295	1,106,814	1,116,506	37,189,553	33,070,801
Program Disbursements						
Instruction	17,756,951	16,633,004	0	0	17,756,951	16,633,004
Support Services:						
Pupils	2,187,741	2,010,374	0	0	2,187,741	2,010,374
Instructional Staff	462,248	434,612	0	0	462,248	434,612
Board of Education	26,944	29,650	0	0	26,944	29,650
Administration	2,539,957	2,514,789	0	0	2,539,957	2,514,789
Fiscal Services	913,922	852,884	0	0	913,922	852,884
Business	7,990	7,200	0	0	7,990	7,200
Operation and Maintenance of Plant	3,648,425	3,229,527	0	0	3,648,425	3,229,527
Pupil Transportation	1,553,172	2,011,320	0	0	1,553,172	2,011,320
Central	510,112	530,375	0	0	510,112	530,375
Non-Instructional Services	314	352	0	0	314	352
Extracurricular Activities	956,978	986,826	0	0	956,978	986,826
Capital Outlay	0	227,251	0	0	0	227,251
Debt Service:						
Principal	1,846,012	1,816,182	0	0	1,846,012	1,816,182
Interest and Fiscal Charges	918,486	988,789	0	0	918,486	988,789
Food Service	0	0	1,021,406	1,022,653	1,021,406	1,022,653
Total Disbursements	33,329,252	32,273,135	1,021,406	1,022,653	34,350,658	33,295,788
Total Change in Net Position	2,753,487	(318,840)	85,408	93,853	2,838,895	(224,987)
Beginning Net Position	25,139,721	25,458,561	471,464	377,611	25,611,185	25,836,172
Ending Net Position	\$27,893,208	\$25,139,721	\$556,872	\$471,464	\$28,450,080	\$25,611,185

Governmental Activities

Net position of the District's governmental activities increased \$2,753,487. Total receipts increased 13%. An increase in operating grants can mostly be attributed to an increase in Elementary and Secondary School Emergency Relief (ESSER) funding. Property tax receipts increased due to an increase in the assessed value of property. An increase in grants and entitlements was the result of an increase in State Foundation funding while an increase in interest rates resulted in an increase in investment earnings, which is reported in Other Receipts.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

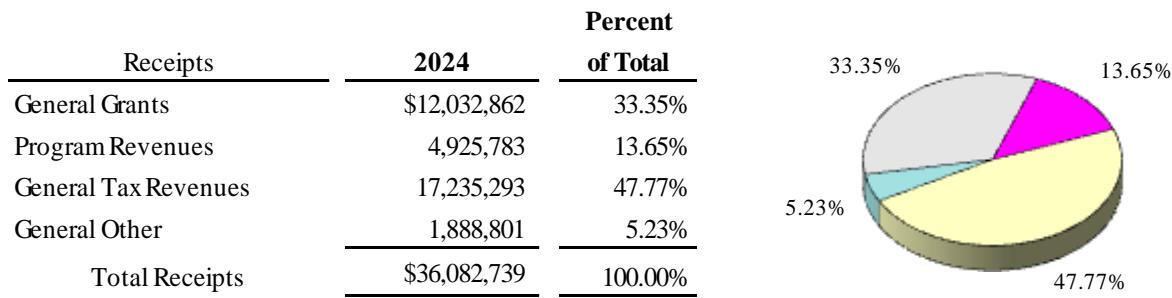
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

Unaudited

Disbursements remained stable, increasing 3%, which can mostly be attributed to an overall increase in the cost of goods and services. Bus purchases in the prior fiscal year resulted in a subsequent decrease in pupil transportation in fiscal year 2024.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. However, the assessed millage for the District has already been reduced to the 20 mill floor. Consequently, the District will receive some increased revenues as property values increase with reappraisals.

Property and income taxes made up 47.77% of receipts for governmental activities in fiscal year 2024. The District's reliance upon tax receipts is demonstrated by the following graph:



Business-Type Activities

Net position of the business-type activities increased \$85,408. Receipts and disbursements were consistent with the prior fiscal year.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$27,746,537, which is above last year's balance of \$24,889,718. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	Increase (Decrease)
General	\$13,199,195	\$12,775,686	\$423,509
Bond Retirement	11,899,154	10,203,225	1,695,929
Other Governmental	2,648,188	1,910,807	737,381
Total	\$27,746,537	\$24,889,718	\$2,856,819

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis **For the Fiscal Year Ended June 30, 2024**

Unaudited

General Fund – The District's General Fund balance change was due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2024 Receipts	2023 Receipts	Increase (Decrease)
Taxes	\$13,432,817	\$12,322,605	\$1,110,212
Tuition	299,601	236,557	63,044
Investment Earnings	1,003,021	490,237	512,784
Extracurricular Activities	8,119	0	8,119
Class Materials and Fees	102,505	117,939	(15,434)
Intergovernmental - State	12,108,139	11,274,380	833,759
Intergovernmental - Federal	51,686	103,372	(51,686)
Contributions and Donations	7,350	1,321	6,029
All Other Revenue	826,201	452,067	374,134
Total	<u>\$27,839,439</u>	<u>\$24,998,478</u>	<u>\$2,840,961</u>

Overall, General Fund receipts increased \$2,840,961, or approximately 11%. An increase in taxes was due to an increase in property taxes, which was the result of an increase in the assessed value of property. Also contributing to the increase in general fund receipts was an increase in investment earnings, which was the result of an increase in interest rates. An increase in intergovernmental state revenues was due to increased State Foundation funding.

	2024 Disbursements	2023 Disbursements	Increase (Decrease)
Instruction	\$16,512,121	\$15,256,784	\$1,255,337
Supporting Services:			
Pupils	2,102,647	1,934,690	167,957
Instructional Staff	379,249	366,216	13,033
Board of Education	26,944	29,650	(2,706)
Administration	2,534,252	2,416,379	117,873
Fiscal Services	809,827	769,756	40,071
Operation and Maintenance of Plant	2,503,196	2,558,256	(55,060)
Pupil Transportation	1,553,069	1,831,320	(278,251)
Central	412,494	465,202	(52,708)
Non-Instructional Services	314	352	(38)
Extracurricular Activities	486,215	505,812	(19,597)
Capital Outlay	0	227,251	(227,251)
Debt Service			
Principal Retirement	42,773	34,050	8,723
Interest and Fiscal Charges	128,642	128,788	(146)
Total	<u>\$27,491,743</u>	<u>\$26,524,506</u>	<u>\$967,237</u>

General Fund disbursements increased 4% from the prior fiscal year. An increase in instruction can be attributed to an overall increase in salaries and benefits as well as an overall increase in the cost of goods and services.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

Unaudited

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

During the course of fiscal year 2024, the District amended its General Fund budget several times. Original estimated and final estimated receipts were not materially different. Actual budget basis receipts were 14% higher than final estimates due to increases in income taxes, investment earnings, and State Foundation Funding. Original budgeted, final budgeted, and actual budget basis disbursements were not materially different.

Bond Retirement Fund - The District's Bond Retirement Fund balance increased \$1,695,929, or 17%. Receipts and disbursements were consistent with the prior year.

DEBT ADMINISTRATION

The following table summarizes the District's debt outstanding as of June 30, 2024 and 2023:

	2024	2023
Governmental Activities:		
General Obligation Bonds:		
School Improvement	\$13,815,000	\$15,595,000
Premium	<u>1,359,051</u>	<u>1,603,857</u>
Total General Obligation Bonds	15,174,051	17,198,857
Qualified School Construction Bonds	5,110,000	5,110,000
Leases	150,428	193,201
Subscription Based Information		
Technology Arrangements (SBITAs)	0	23,239
Total Governmental Activities	<u>\$20,434,479</u>	<u>\$22,525,297</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2024, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 10.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Unaudited

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rachel Tait, Treasurer of Eaton Community School District.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Statement of Net Position – Modified Cash Basis
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 9,371,396	\$ 556,872	\$ 9,928,268
Investments	13,503,436	0	13,503,436
Restricted Assets:			
Cash and Cash Equivalents	545,466	0	545,466
Investments	4,472,910	0	4,472,910
Total Assets	<u>27,893,208</u>	<u>556,872</u>	<u>28,450,080</u>
Net Position:			
Restricted For:			
Debt Service	13,878,220	0	13,878,220
State and Federal Grants	193,934	0	193,934
Other Purposes:			
Nonexpendable	32,771	0	32,771
Expendable	2,512,306	0	2,512,306
Unrestricted	<u>11,275,977</u>	<u>556,872</u>	<u>11,832,849</u>
Total Net Position	<u>\$ 27,893,208</u>	<u>\$ 556,872</u>	<u>\$ 28,450,080</u>

See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Statement of Activities – Modified Cash Basis ***For the Fiscal Year Ended June 30, 2024***

	Cash Disbursements	Program Cash Receipts	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 17,756,951	\$ 402,106	\$ 1,683,742
Support Services:			
Pupils	2,187,741	0	244,673
Instructional Staff	462,248	0	130,152
Board of Education	26,944	0	0
Administration	2,539,957	0	9,264
Fiscal Services	913,922	0	0
Business	7,990	0	7,990
Operation and Maintenance of Plant	3,648,425	20,712	1,595,887
Pupil Transportation	1,553,172	0	0
Central	510,112	0	160,582
Non-Instructional Services	314	0	0
Extracurricular Activities	956,978	545,216	0
Debt Service:			
Principal Retirement	1,846,012	0	0
Interest and Fiscal Charges	918,486	0	125,459
Total Governmental Activities	33,329,252	968,034	3,957,749
Business-Type Activities:			
Food Service	1,021,406	408,115	698,699
Total Business-Type Activities	1,021,406	408,115	698,699
Totals	\$ 34,350,658	\$ 1,376,149	\$ 4,656,448

General Cash Receipts

Property Taxes Levied for:

General Purposes

Special Revenue

Debt Service

Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Cash Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Net (Disbursements) Receipts

and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (15,671,103)	\$ 0	\$ (15,671,103)
(1,943,068)	0	(1,943,068)
(332,096)	0	(332,096)
(26,944)	0	(26,944)
(2,530,693)	0	(2,530,693)
(913,922)	0	(913,922)
0	0	0
(2,031,826)	0	(2,031,826)
(1,553,172)	0	(1,553,172)
(349,530)	0	(349,530)
(314)	0	(314)
(411,762)	0	(411,762)
(1,846,012)	0	(1,846,012)
(793,027)	0	(793,027)
<u>(28,403,469)</u>	<u>0</u>	<u>(28,403,469)</u>
0	85,408	85,408
0	85,408	85,408
<u>\$ (28,403,469)</u>	<u>\$ 85,408</u>	<u>\$ (28,318,061)</u>

7,528,326	0	7,528,326
133,019	0	133,019
3,669,457	0	3,669,457
5,904,491	0	5,904,491
12,032,862	0	12,032,862
1,038,836	0	1,038,836
849,965	0	849,965
<u>31,156,956</u>	<u>0</u>	<u>31,156,956</u>
2,753,487	85,408	2,838,895
25,139,721	471,464	25,611,185
<u>\$ 27,893,208</u>	<u>\$ 556,872</u>	<u>\$ 28,450,080</u>

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Statement of Assets and Fund Balances – Modified Cash Basis
Governmental Funds
June 30, 2024

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 3,512,403	\$ 3,064,134	\$ 2,648,188	\$ 9,224,725
Investments	7,211,928	6,291,508	0	13,503,436
Restricted Assets:				
Cash and Cash Equivalents	521,790	23,676	0	545,466
Investments	1,953,074	2,519,836	0	4,472,910
Total Assets	<u>\$ 13,199,195</u>	<u>\$ 11,899,154</u>	<u>\$ 2,648,188</u>	<u>\$ 27,746,537</u>
Fund Balances:				
Nonspendable	0	0	32,771	32,771
Restricted	2,474,864	11,899,154	2,210,442	16,584,460
Committed	1,247,447	0	404,975	1,652,422
Assigned	4,517,464	0	0	4,517,464
Unassigned	4,959,420	0	0	4,959,420
Total Fund Balances	<u>\$ 13,199,195</u>	<u>\$ 11,899,154</u>	<u>\$ 2,648,188</u>	<u>\$ 27,746,537</u>

See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Modified Cash Basis June 30, 2024

Total Governmental Fund Balances	\$ 27,746,537
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*Amounts reported for governmental activities in the
statement of net position are different because*

The internal service funds are used by management to charge the costs of services to individual funds. The cash and cash equivalents of the internal service funds are included in governmental activities in the statement of net position.

146,671

Net Position of Governmental Activities	<hr/> \$ 27,893,208
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See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds – Modified Cash Basis
For the Fiscal Year Ended June 30, 2024

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts:				
Taxes	\$ 13,432,817	\$ 3,669,457	\$ 133,019	\$ 17,235,293
Tuition	299,601	0	0	299,601
Investment Earnings	1,003,021	35,764	51	1,038,836
Extracurricular Activities	8,119	0	537,097	545,216
Class Materials and Fees	102,505	0	0	102,505
Intermediate Sources	0	0	20,000	20,000
Intergovernmental - State	12,108,139	580,915	79,388	12,768,442
Intergovernmental - Federal	51,686	73,773	3,096,710	3,222,169
Contributions and Donations	7,350	0	1,701	9,051
All Other Receipts	826,201	0	2,731	828,932
Total Receipts	27,839,439	4,359,909	3,870,697	36,070,045
Disbursements:				
Current:				
Instruction	16,512,121	0	1,141,498	17,653,619
Supporting Services:				
Pupils	2,102,647	0	85,094	2,187,741
Instructional Staff	379,249	0	82,999	462,248
Board of Education	26,944	0	0	26,944
Administration	2,534,252	0	5,705	2,539,957
Fiscal Services	809,827	95,298	8,797	913,922
Business	0	0	7,990	7,990
Operation and Maintenance of Plant	2,503,196	0	1,145,229	3,648,425
Pupil Transportation	1,553,069	0	103	1,553,172
Central	412,494	0	97,618	510,112
Non-Instructional Services	314	0	0	314
Extracurricular Activities	486,215	0	470,763	956,978
Debt Service:				
Principal Retirement	42,773	1,780,000	23,239	1,846,012
Interest and Fiscal Charges	128,642	788,682	1,162	918,486
Total Disbursements	27,491,743	2,663,980	3,070,197	33,225,920
Excess (Deficiency) of Receipts				
Over (Under) Disbursements	347,696	1,695,929	800,500	2,844,125

(Continued)

EATON COMMUNITY SCHOOL DISTRICT, OHIO

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Sale of Capital Assets	12,694	0	0	12,694
Transfers In	0	0	43,500	43,500
Transfers Out	(43,500)	0	0	(43,500)
Advances In	167,439	0	60,820	228,259
Advances Out	(60,820)	0	(167,439)	(228,259)
Total Other Financing Sources (Uses)	75,813	0	(63,119)	12,694
Net Change in Fund Balance	423,509	1,695,929	737,381	2,856,819
Fund Balances at Beginning of Year	12,775,686	10,203,225	1,910,807	24,889,718
Fund Balances End of Year	\$ 13,199,195	\$ 11,899,154	\$ 2,648,188	\$ 27,746,537

See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

***Reconciliation of the Statement of Receipts, Disbursements and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities – Modified Cash Basis
For the Fiscal Year Ended June 30, 2024***

Net Change in Fund Balances - Total Governmental Funds	\$ 2,856,819
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*Amounts reported for governmental activities in the statement of
activities are different because*

The internal service funds, which are used by management to charge the costs of services to individual funds, are not included in the statement of activities. Governmental fund disbursements and related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service funds are allocated among the governmental activities.

(103,332)

<i>Change in Net Position of Governmental Activities</i>	<u>\$ 2,753,487</u>
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See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

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EATON COMMUNITY SCHOOL DISTRICT, OHIO

***Statement of Receipts, Disbursements and Changes in
Fund Balance – Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts:				
Local Sources:				
Taxes	\$ 12,229,902	\$ 12,200,000	\$ 13,432,817	\$ 1,232,817
Tuition	220,539	220,000	299,601	79,601
Investment Earnings	400,980	400,000	1,003,021	603,021
Class Material and Fees	111,272	111,000	102,505	(8,495)
Intergovernmental - State	11,280,581	11,253,000	12,108,139	855,139
Intergovernmental - Federal	102,250	102,000	51,686	(50,314)
All Other Receipts	194,576	194,100	790,631	596,531
Total Receipts	<u>24,540,100</u>	<u>24,480,100</u>	<u>27,788,400</u>	<u>3,308,300</u>
Disbursements:				
Current:				
Instruction	17,694,766	16,902,835	16,729,993	172,842
Support Services:				
Pupils	2,307,790	2,204,504	2,103,713	100,791
Instructional Staff	430,204	410,950	379,864	31,086
Board of Education	34,681	33,129	27,894	5,235
Administration	2,828,848	2,702,242	2,557,786	144,456
Fiscal Services	854,713	816,460	814,232	2,228
Operation and Maintenance of Plant	3,220,296	3,076,171	2,754,797	321,374
Pupil Transportation	1,955,076	1,867,576	1,593,750	273,826
Central	506,447	483,781	416,364	67,417
Non-Instructional Services	378	361	314	47
Extracurricular Activities	523,342	499,920	486,215	13,705
Capital Outlay	10,469	10,000	10,000	0
Debt Service:				
Principal Retirement	146,559	140,000	0	140,000
Interest and Fiscal Charges	<u>125,573</u>	<u>119,953</u>	<u>119,953</u>	<u>0</u>
Total Disbursements	<u>30,639,142</u>	<u>29,267,882</u>	<u>27,994,875</u>	<u>1,273,007</u>
Excess (Deficiency) of Receipts				
Over (Under) Disbursements	(6,099,042)	(4,787,782)	(206,475)	4,581,307

(Continued)

EATON COMMUNITY SCHOOL DISTRICT, OHIO

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	0	0	12,694	12,694
Transfers In	0	960,000	932,342	(27,658)
Transfers Out	(1,043,500)	(1,043,500)	(975,842)	67,658
Advances In	0	167,439	167,439	0
Advances Out	0	0	(60,820)	(60,820)
Total Other Financing Sources (Uses):	(1,043,500)	83,939	75,813	(8,126)
Net Change in Fund Balance	(7,142,542)	(4,703,843)	(130,662)	4,573,181
Fund Balance at Beginning of Year	12,160,737	12,160,737	12,160,737	0
Prior Year Encumbrances	525,387	525,387	525,387	0
Fund Balance at End of Year	\$ 5,543,582	\$ 7,982,281	\$ 12,555,462	\$ 4,573,181

See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Statement of Fund Net Position – Modified Cash Basis
Proprietary Funds
June 30, 2024

	Business-Type Activities		
	Enterprise Funds		Governmental
	Food Service		Activities -
			Internal Service
			Fund
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 567,186		\$ 136,357
Total Assets	<hr/> 567,186		<hr/> 136,357
Net Position:			
Unrestricted		567,186	136,357
Total Net Position	\$ 567,186		\$ 136,357
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(10,314)	
Total Net Position of Business Type Activities	\$ 556,872		

See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Statement of Receipts, Disbursements and Changes in Fund Net Position – Modified Cash Basis

Proprietary Funds

For the Fiscal Year Ended June 30, 2024

	Business-Type Activities		Governmental Activities - Internal Service Fund	
	Enterprise Funds			
	Food Service	Fund		
Operating Receipts:				
Sales	\$ 407,626	\$ 0		
Interfund Charges	0	2,300		
Total Operating Receipts	407,626	2,300		
Operating Disbursements:				
Salaries and Wages	311,840	0		
Fringe Benefits	168,558	99,544		
Contractual Services	32,598	0		
Supplies and Materials	507,613	6,088		
Other Operating Disbursements	797	0		
Total Operating Disbursements	1,021,406	105,632		
Operating Loss	(613,780)	(103,332)		
Nonoperating Receipts (Disbursements):				
Operating Grants	698,699	0		
Investment Earnings	489	0		
Total Nonoperating Receipts (Disbursements)	699,188	0		
Change in Net Position	85,408	(103,332)		
Net Position Beginning of Year	481,778	239,689		
Net Position End of Year	\$ 567,186	\$ 136,357		
Change in Net Position of Enterprise Funds	\$ 85,408			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	0			
Change in Net Position of Business Type Activities	\$ 85,408	\$ 85,408		

See accompanying notes to the basic financial statements

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Eaton Community School District, Ohio (the 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 District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 111 non-certified and approximately 132 certified teaching personnel and 10 administrative employees providing education to 1,948 students.

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

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

Eaton Community School District participates in three jointly governed organizations, the Southwestern Ohio Computer Association (SWOCA), the Southwestern Ohio Educational Purchasing Council (SOEPC) and the Educational Regional Service System (ERSS). SWOCA provides the data processing services needed by the participating school districts. Butler Tech serves as the fiscal agent. SOEPC obtains prices for quality merchandise and services for participating school districts. ERSS provides support services to improve student achievement. See Note 13 for additional information.

As discussed further in the Basis of Accounting Portion of this note, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. The following is a summary of the District's significant accounting policies.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The various funds are summarized by type in the basic financial statements.

The following fund types are used by the District:

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

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

Bond Retirement Fund - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

Proprietary Funds - The 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.

Enterprise Fund - This fund is used to account for food service operations for which a fee is charged to external users for goods or services.

Internal Service Fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund, the Employee Benefits HRA Fund, accounts for the accumulation and allocation of costs associated with the employee Health Reimbursement Account plan.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The District's basic financial statements consist of government-wide financial 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 District as a whole. Internal service fund activity is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statement of net position presents the cash balance of the District at fiscal year end. The government-wide statement of activities presents a comparison between direct disbursements and program receipts for each segment of the business-type activities of the District and for each function or program of the 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

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

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The District's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the 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.

As a result of the use of this modified 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.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the basis of budgeting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than custodial funds are legally required to be budgeted and appropriated; however, only the General Fund is required to be reported. The primary level of budgetary control is at the fund level. Supplemental budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated disbursements from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2024.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control disbursements may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the fiscal year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Receipts, Disbursements, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

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EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Basis of Budgeting

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 – Budgetary 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 as restricted, committed or assigned fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund:

Net Change in Fund Balance	
	General Fund
Cash Basis (as reported)	\$423,509
Increase (Decrease):	
Perspective Difference-	
Budgeted Special Revenue Funds reclassified as General Fund	(11,126)
Encumbrances Outstanding	(543,045)
Budget Basis	<u><u>(\$130,662)</u></u>

F. Cash and Cash Equivalents

During fiscal year 2024, cash and cash equivalents included amounts in demand deposits, money market mutual funds, commercial paper and treasury bills with original maturities of three months or less, and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements. The District pools its cash for investment and resource management purposes. See Note 4, “Cash, Cash Equivalents and Investments.”

G. Investments

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.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments (Continued)

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. During fiscal year 2024, investment purchases were limited to certificates of deposit, STAR Ohio and federal agency securities. The District records all its investments at cost except for STAR Ohio. See Note 4, "Cash, Cash Equivalents and Investments."

The District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the District. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory and Prepaid Items

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

I. 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.

J. Long-Term Obligations

The District's modified 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.

K. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's modified cash basis of accounting.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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 – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the District Board of Education.

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

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

The District applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health care benefits.

O. Pensions/Other Postemployment Benefits

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

P. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Q. Interfund Transactions

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. Interfund transfers between governmental funds are eliminated on the Statement of Activities. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Restricted Assets

Restricted assets in the General Fund and Bond Retirement Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District for the acquisition of capital assets and by debt covenants for a sinking fund.

S. Operating Receipts and Disbursements

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.

NOTE 2 - COMPLIANCE

Financial Reporting - Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a modified 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, deferred inflows/outflows, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements ***For the Fiscal Year Ended June 30, 2024***

NOTE 3 – FUND BALANCES

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

Fund Balances	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Endowments	\$0	\$0	\$32,771	\$32,771
Total Nonspendable	0	0	32,771	32,771
Restricted:				
Capital Acquisition	495,798	0	0	495,798
Classroom Facilities Maintenance	0	0	1,449,401	1,449,401
Extracurricular Activities	0	0	533,953	533,953
Race to the Top	0	0	9,871	9,871
Special Education	0	0	12,935	12,935
Safety and Security Improvements	0	0	157,639	157,639
Student Support and Enrichment	0	0	2,689	2,689
Other Purposes	0	0	43,954	43,954
Debt Service Payments	1,979,066	11,899,154	0	13,878,220
Total Restricted	2,474,864	11,899,154	2,210,442	16,584,460
Committed:				
Textbook and Instruction Support	1,247,447	0	0	1,247,447
Capital Improvements	0	0	404,975	404,975
Total Committed	1,247,447	0	404,975	1,652,422
Assigned:				
Projected Budgetary Deficit	3,832,331	0	0	3,832,331
Encumbrances	360,516	0	0	360,516
Debt Service Payments	324,617	0	0	324,617
Total Assigned	4,517,464	0	0	4,517,464
Unassigned	4,959,420	0	0	4,959,420
Total Fund Balances	\$13,199,195	\$11,899,154	\$2,648,188	\$27,746,537

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- 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.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the District's deposits was \$2,585,577 and the bank balance was \$2,903,754. Federal Depository Insurance covered \$576,782 of the bank balance and \$2,326,972 was uninsured and exposed to custodial risk and was collateralized with securities held in the Ohio Pooled Collateral System.

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EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2024 were as follows:

	Cost	Credit Rating	Concentration of Credit Risk	Investment Maturities (in Years)		
				less than 1	1-3 years	3-5 years
STAR Ohio	\$7,767,070	AAAm ²	30.03%	\$7,767,070	\$0	\$0
Money Market Funds	121,087	Aaa ¹ , AA+ ²	0.47%	121,087	0	0
FHLB	1,681,431	Aaa ¹ , AA+ ²	6.50%	260,000	1,052,715	368,716
FFCB	2,793,003	Aaa ¹ , AA ²	10.80%	734,036	2,058,967	0
FNMA	1,354,004	Aaa ¹ , AA+ ²	5.23%	0	1,354,004	0
US Treasury Notes	1,997,561	AAA ³	7.72%	0	336,454	1,661,107
Marketable CD's	9,007,274	AAA ³	34.83%	3,706,220	4,664,649	636,405
Bank Commercial Paper	1,143,073	P-1 ¹ , A-1+ ²	4.42%	1,143,073	0	0
Total Investments	\$25,864,503		100.00%	\$13,731,486	\$9,466,789	\$2,666,228

¹ Moody's Investor Service

² Standard & Poor's

³ All are fully FDIC insured and therefore have an implied AAA credit rating

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The District has no policy that limits investment purchases beyond the requirements of the Ohio Revised Code.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. The allocation of investments is detailed in the table above.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$10,473,734	\$17,976,346
Money Market Mutual Funds	(121,087)	121,087
STAR Ohio	(7,767,070)	7,767,070
Per GASB Statement No. 3	<u><u>\$2,585,577</u></u>	<u><u>\$25,864,503</u></u>

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EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 5 - PROPERTY TAXES

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

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

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected 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 District receives property taxes from Preble County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2024 receipts were based are:

	2023 Second Half	2024 First Half
	Collections	Collections
Agricultural/Residential and Other Real Estate	\$337,747,430	\$454,635,420
Public Utility Personal	12,587,090	14,565,420
Total Assessed Value	<u><u>\$350,334,520</u></u>	<u><u>\$469,200,840</u></u>
Tax rate per \$1,000 of assessed valuation	\$42.90	\$42.90

NOTE 6 - INCOME TAXES

The District levies a voted tax of 1.5 percent for general operations on the income of residents. The tax was effective in 1993 and 0.75 percent will expire on December 31, 2025. 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 District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 7 - INTERFUND ACTIVITY

A. Transfers

Following is a summary of transfers in and out for all funds for fiscal year 2024:

Fund	Transfers In	Transfers Out
Governmental Funds		
General Fund	\$0	\$43,500
Nonmajor Governmental Funds	43,500	0
Total All Funds	<u>\$43,500</u>	<u>\$43,500</u>

Transfers from the General Fund were used to provide additional resources for the nonmajor governmental funds.

B. Advances

Following is a summary of advances in and out for all funds for June 30, 2024:

Fund	Advances In	Advances Out
Governmental Funds		
General Fund	\$167,439	\$60,820
Nonmajor Governmental Funds	60,820	167,439
Total All Funds	<u>\$228,259</u>	<u>\$228,259</u>

Advances are used to temporarily provide operating resources to funds with the expectation the resources will be repaid once monies are available in the funds receiving the advance.

NOTE 8- DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

Net Pension Liability - The net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$5,210,150	\$17,263,876	\$22,474,026
Proportion of the Net Pension Liability-2024	0.094293%	0.080167%	
Proportion of the Net Pension Liability-2023	0.098934%	0.078252%	
Change in Proportionate Share	<u>(0.004641%)</u>	<u>0.001915%</u>	

A. School Employee Retirement System

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

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

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 year 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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2024, the allocation to pension, death benefits, and Medicare B was 14 percent. No amount was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$540,216 for fiscal year 2024.

Actuarial Assumptions - 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.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

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 pension liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

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% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	3.00%	0.76%
US Equity	22.00%	6.20%
Non-US Equity Developed	12.00%	6.91%
Non-US Equity Emerging	6.00%	8.92%
Fixed Income/Global Bonds	18.00%	2.46%
Private Equity	14.00%	10.30%
Real Estate/Real Assets	20.00%	5.01%
Private Debt/Private Credit	<u>5.00%</u>	6.42%
Total	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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		1% Increase (8.00%)
		Discount Rate (7.00%)		
School District's proportionate share of the net pension liability		\$7,689,918		\$3,121,421

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of-living increases are not affected by this change. Effective July 1, 2022, 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. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. 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 goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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. For the fiscal year ended June 30, 2024, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,587,648 for fiscal year 2024.

Actuarial Assumptions - Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2023 actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

For 2023, Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u><u>100.00 %</u></u>	

*Final target weights reflected at October 1, 2022.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$26,548,022	\$17,263,876	\$9,412,031

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset) - The net OPEB liability (asset) is not reported in the accompanying financial statements. The net OPEB liability (asset) has been disclosed below. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB is 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 OPEB liability (asset) represents the District's proportionate share of each plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each plan's fiduciary net position. The net 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 this estimate annually.

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

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS (Continued)

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$1,601,339	(\$1,559,134)	\$42,205
Proportion of the Net OPEB Liability (Asset) -2024	0.097201%	0.080167%	
Proportion of the Net OPEB Liability (Asset) -2023	0.101468%	0.078252%	
Change in Proportionate Share	(0.004267%)	0.001915%	

A. School Employee Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, 0.0 percent of covered payroll was contributed to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$71,995.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$71,995 for fiscal year 2024.

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

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

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.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

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

Wage 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, including inflation
 Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
 Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
 Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

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% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	3.00%	0.76%
US Equity	22.00%	6.20%
Non-US Equity Developed	12.00%	6.91%
Non-US Equity Emerging	6.00%	8.92%
Fixed Income/Global Bonds	18.00%	2.46%
Private Equity	14.00%	10.30%
Real Estate/Real Assets	20.00%	5.01%
Private Debt/Private Credit	5.00%	6.42%
Total	<u><u>100.00%</u></u>	

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

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

	<u>1% Decrease (3.27%)</u>	<u>Current Discount Rate (4.27%)</u>	<u>1% Increase (5.27%)</u>
School District's proportionate share of the net OPEB liability	\$2,046,970	\$1,601,339	\$1,249,942

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

	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	\$1,176,449	\$1,601,339	\$2,164,378

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2023, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund.

The District's contractually required contribution to STRS was \$0 for fiscal year 2024.

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
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 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	(10.94) percent initial 4.14 percent ultimate	(68.78) percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	(11.95) percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	(5.47) percent initial 3.94 percent ultimate

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

For 2023, Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

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

Asset Class	Target Allocation*	Long Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u><u>100.00 %</u></u>	

*Final target weights reflected at October 1, 2022.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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 of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00% was used to measure the total OPEB liability as of June 30, 2023.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount and Health Care Cost Trend Rates – The net OPEB liability (asset) is sensitive to changes in the discount and health care cost trend rates. To illustrate the potential impact the following table presents the net OPEB liability (asset) calculated using the discount rate of 7.00 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate. Also shown is the net OPEB liability (asset) calculated using a health care cost trend rate this is one percentage point lower and one percentage point higher.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB liability (asset)	(\$1,319,603)	(\$1,559,134)	(\$1,767,740)

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
School District's proportionate share of the net OPEB liability (asset)	(\$1,777,420)	(\$1,559,134)	(\$1,296,212)

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EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements ***For the Fiscal Year Ended June 30, 2024***

NOTE 10 - LONG-TERM DEBT OBLIGATIONS

Detail of changes in debt and other long-term obligations of the District for the fiscal year ended June 30, 2024 is as follows:

		Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024	Amount Due					
						Within One Year					
Governmental Activities Debt:											
General Obligation Bonds:											
2014	School Improvement Refunding Series										
	Serial Bonds	1.00-4.00%	\$180,000	\$0	(\$180,000)	\$0					
	Premium on Bond Refunding		18,298	0	(18,298)	0					
	Total 2014 Refunding Bonds		198,298	0	(198,298)	0					
2016	School Improvement Refunding Series										
	Serial Bonds	2.38%	15,415,000	0	(1,600,000)	13,815,000					
	Premium on Bond Refunding		1,585,559	0	(226,508)	1,359,051					
	Total 2016 Refunding Bonds		17,000,559	0	(1,826,508)	15,174,051					
	Total General Obligation Bonds		17,198,857	0	(2,024,806)	15,174,051					
Qualified School Construction Bonds:											
2011	School Improvement	5.39%	3,080,000	0	0	3,080,000					
2011	School Energy Conservation Improvement	5.909%	2,030,000	0	0	2,030,000					
	Total Qualified School Construction Bonds		5,110,000	0	0	5,110,000					
Governmental Activities Other Long-Term Obligations:											
	Leases		193,201	0	(42,773)	150,428					
	Subscription Based Information Technology Arrangements					44,962					
	Technology Arrangements (SBITAs)		23,239	0	(23,239)	0					
	Total Governmental Activities		\$22,525,297	\$0	(\$2,090,818)	\$20,434,479					
						\$1,909,962					

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EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements ***For the Fiscal Year Ended June 30, 2024***

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2024 follows:

Fiscal Years	General Obligation Bonds			Qualified School Construction Bonds			Qualified School Construction Bonds		
	Principal	School Improvement	Total	Principal	School Improvement	Total	Principal	School Energy Conservation	Total
2025	\$1,865,000	\$541,475	\$2,406,475	\$0	\$166,012	\$166,012	\$0	\$119,953	\$119,953
2026	2,005,000	444,725	2,449,725	0	166,012	166,012	2,030,000	59,976	2,089,976
2027	2,145,000	340,975	2,485,975	0	166,012	166,012	0	0	0
2028	2,465,000	250,375	2,715,375	3,080,000	38,736	3,118,736	0	0	0
2029	2,590,000	161,600	2,751,600						
2030	2,745,000	54,900	2,799,900						
Totals	<u>\$13,815,000</u>	<u>\$1,794,050</u>	<u>\$15,609,050</u>	<u>\$3,080,000</u>	<u>\$536,772</u>	<u>\$3,616,772</u>	<u>\$2,030,000</u>	<u>\$179,929</u>	<u>\$2,209,929</u>

B. Leases

The District leases several copiers. Lease payments began in September 2022 and will mature in fiscal year 2028.

A summary of the District's future lease requirements including principal and interest payments as of June 30, 2024, follows:

Fiscal Years	Governmental Activities		
	Principal	Interest	Total
2025	\$44,962	\$6,500	\$51,462
2026	47,262	4,200	51,462
2027	49,680	1,782	51,462
2028	8,524	53	8,577
Totals	<u>\$150,428</u>	<u>\$12,535</u>	<u>\$162,963</u>

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 11 - STATUTORY RESERVES

The District is required by state law to set aside certain General Fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2024, the reserve activity (cash-basis) was as follows:

	<u>Capital Acquisition Reserve</u>
Set-aside Cash Balance as of June 30, 2023	\$314,540
Current Year Set-Aside Requirement	396,171
Qualifying Disbursements	<u>(214,913)</u>
Cash Balance Carried Forward to FY 2025	<u>\$495,798</u>
Amount Restricted for Capital Acquisition	<u><u>\$495,798</u></u>

NOTE 12 - RISK MANAGEMENT

A. Public Entity Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust – The District participates in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool. The District pays monthly premiums to the Trust for employee medical and dental insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The Trust is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 12 - RISK MANAGEMENT (Continued)

B. Other Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2024, the District contracted with Liberty Mutual Insurance Company for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Liberty Mutual Insurance Company	General Liability	\$0
Liberty Mutual Insurance Company	Sexual Misconduct	\$5,000
Liberty Mutual Insurance Company	Building	\$5,000
Liberty Mutual Insurance Company	Inland Marine	\$500
Liberty Mutual Insurance Company	Crime	\$500
Liberty Mutual Insurance Company	Law Enforcement	\$2,500
Liberty Mutual Insurance Company	School Board Legal Liability	\$2,500
Liberty Mutual Insurance Company	Automobile	\$1,000 Comprehensive; \$1,000 Collision

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

The Southwest Ohio Computer Association (SWOCA) is a jointly governed organization among a three county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board consists of one representative from each of the participating 30 school districts. During fiscal year 2024, the District paid \$320,722 to SWOCA. To obtain financial information write to SWOCA, 3611 Hamilton-Middletown Road, Hamilton, OH 45011.

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 13- JOINTLY GOVERNED ORGANIZATIONS (Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member district. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the General Fund. During fiscal year 2024, no payment to SOEPC was required. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208 Vandalia, Ohio 45377.

The District participates in the Educational Regional Service System (ERSS) Region 10, a jointly governed organization consisting of educational entities within Clark, Darke, Greene, Miami, Montgomery, and Preble counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Montgomery County Educational Service Center, 200 S. Keowee Street, Dayton, Ohio 45402.

NOTE 14 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement 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 District at June 30, 2024, if applicable, cannot be determined at this time.

B. Litigation

The District is not a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2024.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, “Accounting Changes and Error Corrections.”

GASB Statement No. 100 addresses accounting and financial reporting requirements for accounting changes and error corrections.

The implementation of this Statement had no effect on beginning net position/fund balance.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

SUPPLEMENTARY INFORMATION

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Schedule of the District's Proportionate Share of the Net Pension Liability Last Ten Fiscal Years

Fiscal Year	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	0.079031%	0.079688%	0.078121%	0.078793%
District's proportionate share of the net pension liability (asset)	\$19,223,135	\$22,023,372	\$26,149,460	\$18,717,560
District's covered payroll	\$8,017,629	\$8,273,057	\$8,572,029	\$8,599,543
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	239.76%	266.21%	305.06%	217.66%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	72.10%	66.80%	75.30%

Source: District Treasurer's Office and State Teachers Retirement System

Fiscal Year	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	0.094338%	0.099496%	0.097714%	0.097886%
District's proportionate share of the net pension liability (asset)	\$4,774,392	\$5,677,338	\$7,151,749	\$5,848,490
District's covered payroll	\$2,707,010	\$2,924,915	\$3,030,193	\$3,279,014
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	176.37%	194.10%	236.02%	178.36%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	69.16%	62.98%	69.50%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

See notes to the supplementary information.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

2019	2020	2021	2022	2023	2024
0.079506%	0.077566%	0.076204%	0.077368%	0.078252%	0.080167%
\$17,481,542	\$17,153,341	\$18,438,712	\$9,892,169	\$17,395,576	\$17,263,876
\$8,902,371	\$9,350,657	\$9,149,657	\$9,198,343	\$10,401,179	\$10,414,286
196.37%	183.45%	201.52%	107.54%	167.25%	165.77%
77.30%	77.40%	75.48%	87.78%	78.90%	80.00%
2019	2020	2021	2022	2023	2024
0.104043%	0.098554%	0.092891%	0.097667%	0.098934%	0.094293%
\$5,958,730	\$5,896,677	\$6,143,973	\$3,603,644	\$5,351,115	\$5,210,150
\$3,347,170	\$3,380,726	\$3,257,829	\$3,368,743	\$3,684,921	\$4,463,779
178.02%	174.42%	188.59%	106.97%	145.22%	116.72%
71.36%	70.85%	68.55%	82.86%	75.82%	76.06%

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Schedule of District Pension Contributions Last Ten Fiscal Years

State Teachers Retirement System

Fiscal Year	2015	2016	2017	2018
Contractually required contribution	\$1,158,228	\$1,200,084	\$1,203,936	\$1,246,332
Contributions in relation to the contractually required contribution	<u>1,158,228</u>	<u>1,200,084</u>	<u>1,203,936</u>	<u>1,246,332</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$8,273,057	\$8,572,029	\$8,599,543	\$8,902,371
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	2015	2016	2017	2018
Contractually required contribution	\$394,154	\$424,227	\$459,062	\$451,868
Contributions in relation to the contractually required contribution	<u>394,154</u>	<u>424,227</u>	<u>459,062</u>	<u>451,868</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$2,924,915	\$3,030,193	\$3,279,014	\$3,347,170
Contributions as a percentage of covered payroll	13.48%	14.00%	14.00%	13.50%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

See notes to the supplementary information.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

2019	2020	2021	2022	2023	2024
\$1,309,092	\$1,280,952	\$1,287,768	\$1,456,165	\$1,458,000	\$1,587,648
<u>1,309,092</u>	<u>1,280,952</u>	<u>1,287,768</u>	<u>1,456,165</u>	<u>1,458,000</u>	<u>1,587,648</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$9,350,657	\$9,149,657	\$9,198,343	\$10,401,179	\$10,414,286	\$11,340,343
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
2019	2020	2021	2022	2023	2024
\$456,398	\$456,096	\$471,624	\$515,889	\$624,929	\$540,216
<u>456,398</u>	<u>456,096</u>	<u>471,624</u>	<u>515,889</u>	<u>624,929</u>	<u>540,216</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$3,380,726	\$3,257,829	\$3,368,743	\$3,684,921	\$4,463,779	\$3,858,686
13.50%	14.00%	14.00%	14.00%	14.00%	14.00%

EATON COMMUNITY SCHOOL DISTRICT, OHIO

***Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability (Asset)
Last Eight Fiscal Years***

State Teachers Retirement System

Fiscal Year	2017	2018	2019
District's proportion of the net OPEB liability (asset)	0.078121%	0.078793%	0.079506%
District's proportionate share of the net OPEB liability (asset)	\$4,213,896	\$3,074,231	(\$1,277,580)
District's covered payroll	\$8,572,029	\$8,599,543	\$8,902,371
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	49.16%	35.75%	(14.35%)
Plan fiduciary net position as a percentage of the total OPEB liability	37.30%	47.10%	176.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	2017	2018	2019
District's proportion of the net OPEB liability (asset)	0.097375%	0.099273%	0.105257%
District's proportionate share of the net OPEB liability (asset)	\$2,782,320	\$2,664,224	\$2,920,122
District's covered payroll	\$3,030,193	\$3,279,014	\$3,347,170
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	91.82%	81.25%	87.24%
Plan fiduciary net position as a percentage of the total OPEB liability	11.49%	12.46%	13.57%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability (Asset), which is the prior year end.

See notes to the supplementary information.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

2020	2021	2022	2023	2024
0.077566%	0.076204%	0.077368%	0.078252%	0.080167%
(\$1,284,686)	(\$1,339,288)	(\$1,631,237)	(\$2,026,212)	(\$1,559,134)
\$9,350,657	\$9,149,657	\$9,198,343	\$10,401,179	\$10,414,286
(13.74%)	(14.64%)	(17.73%)	(19.48%)	(14.97%)
174.74%	182.13%	174.73%	230.70%	168.50%
2020	2021	2022	2023	2024
0.097275%	0.094402%	0.100912%	0.101468%	0.097201%
\$2,446,262	\$2,051,667	\$1,909,839	\$1,424,619	\$1,601,339
\$3,380,726	\$3,257,829	\$3,368,743	\$3,684,921	\$4,463,779
72.36%	62.98%	56.69%	38.66%	35.87%
15.57%	18.17%	24.08%	30.34%	30.02%

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Schedule of District Other Postemployment Benefit (OPEB) Contributions Last Ten Fiscal Years

State Teachers Retirement System

Fiscal Year	2015	2016	2017	2018
Contractually required contribution	\$0	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	0	0	0	0
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$8,273,057	\$8,572,029	\$8,599,543	\$8,902,371
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	2015	2016	2017	2018
Contractually required contribution	\$70,407	\$42,827	\$48,974	\$70,671
Contributions in relation to the contractually required contribution	70,407	42,827	48,974	70,671
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$2,924,915	\$3,030,193	\$3,279,014	\$3,347,170
Contributions as a percentage of covered payroll	2.41%	1.41%	1.49%	2.11%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 75 in 2018.

See notes to the supplementary information.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

2019	2020	2021	2022	2023	2024
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,350,657	\$9,149,657	\$9,198,343	\$10,401,179	\$10,414,286	\$11,340,343
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2019	2020	2021	2022	2023	2024
\$72,462	\$41,922	\$51,233	\$65,769	\$67,834	\$71,995
72,462	41,922	51,233	65,769	67,834	71,995
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,380,726	\$3,257,829	\$3,368,743	\$3,684,921	\$4,463,779	\$3,858,686
2.14%	1.29%	1.52%	1.78%	1.52%	1.87%

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET PENSION LIABILITY

SERS

Changes in benefit terms – For fiscal years 2019 through 2024, there were no changes to benefit terms.

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

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

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

Changes in assumptions

For fiscal year 2024 there were no changes in assumptions.

For fiscal year 2023, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2022 and prior are presented below:

- Cost of living adjustment was increased from 2.00% to 2.50%.

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

- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll growth assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%
- The discount rate was reduced from 7.50% to 7.00%
- Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET PENSION LIABILITY (Continued)

SERS (Continued)

- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

For fiscal years 2021, 2020, and 2019 there were no changes in assumptions.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disable member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET PENSION LIABILITY (Continued)

STRS

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

Changes in assumptions

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

- Total salary increase rates were lowered to a range of 2.5 percent to 8.5 percent.
- Updated the health and disability mortality assumptions to the Pub-2010 Teachers Healthy Annuitant Mortality Table projected forward generationally using mortality improvement scale MP-2020.
- Demographic assumptions were modified to reflect the June 30, 2021 experience study.

In fiscal year 2022 the investment return was lowered from 7.45 percent to 7.00 percent. For fiscal year 2021, 2020, and 2019, there were no changes in assumptions. For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2015 through 2017, and 2024.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET OPEB LIABILITY (ASSET)

SERS

Changes in benefit terms – There were no changes to benefit terms for fiscal years 2024 - 2018.

Changes in assumptions

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

- The discount rate was changed from 4.08% to 4.27%

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

- The discount rate was changed from 2.27% to 4.08%

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

- The discount rate was changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

- Mortality among disabled member was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

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

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75 percent, 2020 – 7.00 to 4.75

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

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

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

- The discount rate was increased from 2.98 percent to 3.63.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

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

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STRS

Changes in benefit terms

For fiscal year 2024 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased from 2.2% to 2.5%.

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

- Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

- The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2021 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

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

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

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

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

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

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

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

Changes in assumptions

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

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

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

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

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

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (6.69) percent to (16.18) percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 11.87 percent to 29.98 percent initial, 4 percent ultimate
- The investment return was lowered from 7.45 percent to 7.00 percent.

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

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

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to (6.69) percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5.00 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.50 initial, 4 percent ultimate

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

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

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

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

EATON COMMUNITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2024

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

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

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

There were no changes in assumptions for fiscal year 2017.

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**EATON COMMUNITY SCHOOL DISTRICT
PREBLE COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal Assistance Listing Number	Pass Through Number	(1) Total Federal Expenditures	Non-Cash Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$98,822	\$18,612
National School Lunch Program	10.555	N/A	465,448	49,315
COVID-19 National School Lunch Program	10.555	N/A	54,390	
Total Child Nutrition Cluster			<u>618,660</u>	<u>67,927</u>
Total U.S. Department of Agriculture			<u>618,660</u>	<u>67,927</u>
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Facilities Construction Commission</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	OFCC-SS3-34879	<u>242,360</u>	
Total U.S. Department of Treasury			<u>242,360</u>	
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Title I Grants to Local Educational Agencies	84.010	N/A	406,815	
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	N/A	452,034	
Special Education Preschool Grants	84.173	N/A	11,223	
Total Special Education Cluster (IDEA)			<u>463,257</u>	
Supporting Effective Instruction State Grants	84.367	N/A	64,226	
Student Support and Academic Enrichment Program	84.424	N/A	47,042	
COVID-19 - Education Stabilization Fund	84.425D	N/A	55,939	
COVID-19 - Education Stabilization Fund	84.425U	N/A	1,184,365	
COVID-19 - Education Stabilization Fund	84.425W	N/A	11,548	
Total COVID-19 - Education Stabilization Fund			<u>1,251,852</u>	
Total U.S. Department of Education			<u>2,233,192</u>	
Total Expenditures of Federal Awards			<u>\$3,094,212</u>	<u>\$67,927</u>

(1) There were no amounts passed through to subrecipients.

The accompanying notes are an integral part of this schedule.

**EATON COMMUNITY SCHOOL DISTRICT
PREBLE COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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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**

Eaton Community School District
Preble County
306 Eaton Lewisburg Road
Eaton, Ohio 45320

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 the financial audits contained in *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eaton Community School District, Preble County, Ohio (the District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 18, 2025, wherein we noted the 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 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Eaton Community School District
Preble County
Independent Auditor's Report on Internal Control Over
Financial Reporting and On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2024-001.

District's Response to Finding

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2025

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

Eaton Community School District
Preble County
306 Eaton Lewisburg Road
Eaton, Ohio 45320

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eaton Community School District's, Preble County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Eaton Community School District's major federal programs for the fiscal year ended June 30, 2024. Eaton Community School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

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

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

Eaton Community School District

Preble County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 2

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Eaton Community School District

Preble County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2025

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**EATON COMMUNITY SCHOOL DISTRICT
PREBLE COUNTY**

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Education Stabilization Fund (AL #84.425D, 84.425U, 84.425W) COVID-19 Coronavirus State and Local Fiscal Recovery Funds (AL #21.027)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2024-001

Noncompliance – GAAP Reporting

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.

FINDING NUMBER 2024-001
(Continued)

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

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified 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 District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

The Board of Education voted to take the citation to save money with the preparation and audit of the school report.

3. FINDINGS FOR FEDERAL AWARDS

None

BOARD OF EDUCATION

EATON COMMUNITY SCHOOLS

304 Eaton-Lewisburg Rd
EATON, OHIO 45320-1105

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B) failure to report in accordance with generally accepted accounting principles	Not Corrected	Board of Education elects to take the citation to save money with the preparation and audit of the school report. Reissued as Finding 2024-001.
2023-002	The Districts' financial statements contained errors.	Corrected	

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BOARD OF EDUCATION

EATON COMMUNITY SCHOOLS

304 Eaton-Lewisburg Rd
EATON, OHIO 45320-1105

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2024

Finding Number: 2024-001
Planned Corrective Action: Board of Education elects to take the citation to save money with the preparation and audit of the school report.
Anticipated Completion Date: N/A
Responsible Contact Person: Treasurer Rachel Tait

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OHIO AUDITOR OF STATE KEITH FABER



EATON COMMUNITY SCHOOL DISTRICT

PREBLE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/20/2025

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

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