



OHIO AUDITOR OF STATE
KEITH FABER



**ROSS- PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY
JUNE 30, 2024**

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ROSS COUNTY
JUNE 30, 2024**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ross-Pike Educational Service District
Ross County
475 Western Ave Suite E
Chillicothe, Ohio 45601

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ross-Pike Educational Service District, Ross County, Ohio (Educational Service District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Educational Service District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Ross-Pike Educational Service District, Ross County, Ohio as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Educational Service 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 Educational Service 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 Educational Service District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Educational Service District's basic financial statements. The budgetary comparison schedule and 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, on our consideration of the Educational Service 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 Educational Service 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 Educational Service District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
March 13, 2025

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ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

The management discussion and analysis of the Ross-Pike Educational Service District's financial performance provides an overview and analysis of the Educational Service District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Educational Service District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Educational Service District's financial performance.

Financial Highlights

- < In total, net position of governmental activities increased \$816,913, from a deficit of \$9,246,234 to a deficit balance of \$8,429,321 which represents a 8.84 percent increase from 2023.
- < General revenues accounted for \$810,672 or 5.22 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$14,728,305 or 94.78 percent of total revenues of \$15,538,977.
- < The Educational Service District had \$14,722,064 in expenses related to governmental activities; \$14,728,305 of these expenses was offset by program specific charges for services and operating grants or contributions. General revenues supporting governmental activities (primarily unrestricted grants and entitlements) of \$816,913 were used to provide for the remainder of these programs.
- < The Educational Service District major governmental fund is the General Fund. The General Fund had \$11,733,811 in revenues and \$11,252,442 in expenditures. During fiscal year 2024, the General Fund balance increased \$481,369 from \$3,437,600 to \$3,918,969.

Using these Basic Financial Statements

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole Educational Service District, presenting both an aggregate view of the Educational Service District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the Educational Service District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Educational Service District, the General Fund is by far the most significant fund, and the only governmental fund reported as major fund.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

Reporting the Educational Service District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Educational Service District to provide programs and activities, the view of the Educational Service District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets, liabilities, deferred outflows, deferred inflows, revenues and expenses using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the governmental activities include the Educational Service District's programs and services, including instruction, support services, and operation of non-instructional services.

The Educational Service District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the Educational Service District's Most Significant Funds

Fund Financial Statements

The analysis of the Educational Service District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the Educational Service District's major funds. The Educational Service District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Educational Service District's most significant funds. The Educational Service District's major governmental fund is the General Fund.

Governmental Funds

Most of the Educational Service District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other *financial assets* that can readily be converted to cash.

The governmental fund financial statements provide a detailed *short-term* view of the Educational Service District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-22 of this report.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

Proprietary Funds

The Educational Service District's proprietary fund is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Educational Service District's various functions. The Educational Service District's internal service fund accounts for dental and vision self-insurance programs. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Reporting the Educational Service District's Fiduciary Responsibilities

The Educational Service District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in custodial funds. The Educational Service District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. These activities are excluded from the Educational Service District's other financial statements because the assets cannot be utilized by the Educational Service District to finance its operations. The custodial funds are used to account for virtual learning programs and district agency.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-66 of this report.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

The Educational Service District as a Whole

Recall that the statement of net position provides the perspective of the Educational Service District as a whole. Table 1 provides a summary of the Educational Service District's net position for 2024 compared to fiscal year 2023:

Table 1
Net Position at Year End

| | Governmental Activities | | |
|---|-------------------------|----------------------|------------------|
| | 2024 | 2023 | Change |
| <i>Assets:</i> | | | |
| Current and Other Assets | \$5,333,845 | \$5,605,116 | (\$271,271) |
| Net OPEB Asset | 853,852 | 1,049,396 | (195,544) |
| Capital Assets, Net | 1,379,953 | 850,238 | 529,715 |
| <i>Total Assets</i> | <u>7,567,650</u> | <u>7,504,750</u> | <u>62,900</u> |
| <i>Deferred Outflows of Resources:</i> | | | |
| Pension | 3,845,544 | 3,370,509 | 475,035 |
| OPEB | 987,204 | 549,449 | 437,755 |
| <i>Total Deferred Outflows of Resources</i> | <u>4,832,748</u> | <u>3,919,958</u> | <u>912,790</u> |
| <i>Liabilities:</i> | | | |
| Current and Other Liabilities | 1,322,221 | 1,564,237 | (242,016) |
| <i>Long-Term Liabilities:</i> | | | |
| Due Within One Year | 109,847 | 94,658 | 15,189 |
| Due in More than One Year: | | | |
| Net Pension Liability | 14,040,485 | 13,110,826 | 929,659 |
| Net OPEB Liability | 1,409,221 | 1,091,537 | 317,684 |
| Other Amounts | 1,484,309 | 1,531,265 | (46,956) |
| <i>Total Liabilities</i> | <u>18,366,083</u> | <u>17,392,523</u> | <u>973,560</u> |
| <i>Deferred Inflows of Resources:</i> | | | |
| Pension | 754,914 | 1,160,034 | (405,120) |
| OPEB | 1,885,826 | 2,118,385 | (232,559) |
| <i>Total Deferred Inflows of Resources</i> | <u>2,640,740</u> | <u>3,278,419</u> | <u>(637,679)</u> |
| <i>Net Position:</i> | | | |
| Restricted | 569,708 | 561,531 | 8,177 |
| Unrestricted | (8,999,029) | (9,807,765) | 808,736 |
| <i>Total Net Position</i> | <u>(\$8,429,321)</u> | <u>(\$9,246,234)</u> | <u>\$816,913</u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

The net pension liability and net OPEB liability are the largest liabilities reported by the Educational Service District at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Educational Service District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the Educational Service District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Educational Service District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68 and GASB 75, the Educational Service District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Current assets decreased \$271,271 or 4.84% from fiscal year 2023 due primarily to a decrease in equity in pooled cash and investments.

At fiscal year-end, capital assets represented 18.23% of total assets. Capital assets include furniture and equipment and educational materials. Capital assets, net of accumulated depreciation at June 30, 2024, were \$1,379,953. These capital assets are used to provide services to students of school districts and are not available for future spending.

Current liabilities decreased \$242,016 or 15.47% from fiscal year 2023 due primarily to decreases in intergovernmental payable and accrued wages and benefits.

Long-term liabilities increased by \$1,215,576 or 7.68% as the result of an increase in net pension and net OPEB liabilities due to actuarial measurements done by the retirement systems. Additional information can be found in Notes 10 and 11.

A portion of the Educational Service District's net position, \$293,401, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is a deficit \$8,722,722.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

Table 2 shows the changes in net position for fiscal year 2024 and comparisons to fiscal year 2023.

Table 2
Changes in Net Position

| | Governmental Activities | | |
|--|--------------------------------|----------------------|------------------|
| | 2024 | 2023 | Change |
| <u>Revenues:</u> | | | |
| <i>Program Revenues:</i> | | | |
| Charges for Services and Sales | \$12,006,346 | \$11,015,427 | \$990,919 |
| Operating Grants and Contributions | 2,721,959 | 2,523,751 | 198,208 |
| <i>General Revenues:</i> | | | |
| Unrestricted Grants and Entitlements | 366,580 | 359,139 | 7,441 |
| Investment Earnings | 211,077 | 107,832 | 103,245 |
| Miscellaneous | 233,015 | 75,886 | 157,129 |
| Total Revenues | 15,538,977 | 14,082,035 | 1,456,942 |
| <u>Expenses:</u> | | | |
| <i>Instruction:</i> | | | |
| Regular | 752,803 | 548,034 | 204,769 |
| Special | 7,480,873 | 7,746,821 | (265,948) |
| Other | 5,015 | 8,052 | (3,037) |
| <i>Support Services:</i> | | | |
| Pupils | 2,288,295 | 1,663,187 | 625,108 |
| Instructional Staff | 2,775,656 | 2,431,052 | 344,604 |
| Board of Education | 70,934 | 112,167 | (41,233) |
| Administration | 419,598 | 503,271 | (83,673) |
| Fiscal | 372,209 | 365,471 | 6,738 |
| Operation and Maintenance of Plant | 198,116 | 183,378 | 14,738 |
| Central | 316,538 | 174,538 | 142,000 |
| Extracurricular Activities | 0 | 0 | 0 |
| <i>Debt Service:</i> | | | |
| Issuance Costs | 0 | 35,000 | (35,000) |
| Interest and Fiscal Charges | 42,027 | 32,850 | 9,177 |
| Total Expenses | 14,722,064 | 13,803,821 | 918,243 |
| Change in Net Position | 816,913 | 278,214 | 538,699 |
| Net Position at Beginning of Year | (9,246,234) | (9,524,448) | 278,214 |
| Net Position at End of Year | (\$8,429,321) | (\$9,246,234) | \$816,913 |

Governmental Activities

Net Position of the Educational Service District's governmental activities increased \$816,913. Total governmental expenses of \$14,722,064 were offset by program revenues of \$14,728,305 and general revenues of \$810,672. Program revenues supported 100.04% of the total governmental expenses.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

The primary sources of revenue for governmental activities are derived from charges for services. This revenue source represents 77.14% of total governmental revenue. The largest expense of the Educational Service District is for instructional programs. Instructional expenses totaled \$8,238,691 or 55.96% of total governmental expenses for fiscal year 2024. Support services expenses totaled \$6,441,346 or 43.75% of total governmental expenses.

The total expenses for governmental activities increased \$918,243 or 6.65%. The increase in expenses is the result of the retirement systems calculations for net pension and net OPEB liabilities.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2024 and 2023. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements.

Table 3

| | Net Cost of Governmental Activities | | | |
|------------------------------------|--|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| | 2024 | 2024 | 2023 | 2023 |
| <i>Program Expenses:</i> | | | | |
| <i>Instruction:</i> | | | | |
| Regular | \$752,803 | (\$59,798) | \$548,034 | \$1,401 |
| Special | 7,480,873 | (407,719) | 7,746,821 | (651,742) |
| Other | 5,015 | (5,015) | 8,052 | (8,052) |
| <i>Support Services:</i> | | | | |
| Pupils | 2,288,295 | (406,866) | 1,663,187 | (349,656) |
| Instructional Staff | 2,775,656 | 1,175,050 | 2,431,052 | 1,102,411 |
| Board of Education | 70,934 | (70,934) | 112,167 | (112,167) |
| Administration | 419,598 | 116,690 | 503,271 | (9,526) |
| Fiscal | 372,209 | (11,584) | 365,471 | (5,666) |
| Operation and Maintenance of Plant | 198,116 | 34,982 | 183,378 | 10,742 |
| Central | 316,538 | (316,538) | 174,538 | (174,538) |
| <i>Debt Service:</i> | | | | |
| Issuance Costs | 0 | 0 | 35,000 | (35,000) |
| Interest and Fiscal Charges | 42,027 | (42,027) | 32,850 | (32,850) |
| Total Expenses | <u>\$14,722,064</u> | <u>\$6,241</u> | <u>\$13,803,821</u> | <u>(\$264,643)</u> |

For all governmental activities, program revenue support is 100.04% and 98.08% at June 30, 2024 and 2023 respectively, of total governmental activities expenses. The Educational Service District's charges for services and operating grants and contributions, as a whole, are by far the primary support for Educational Service District's programs and services provided.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

Fund Balances

The Educational Service District's governmental funds reported a combined fund balance of \$3,883,127 which is more than the previous fiscal year's fund balance of \$3,836,604. The schedule below indicates the total change in fund balance as of June 30, 2024 and 2023.

| | Fund Balance/(Deficit) June 30, 2024 | Fund Balance/(Deficit) June 30, 2023 | Increase (Decrease) | Increase (Decrease) |
|--------------------|--|--|------------------------|------------------------|
| General | \$3,918,969 | \$3,437,600 | \$481,369 | 14.00% |
| Other Governmental | (35,842) | 399,004 | (434,846) | (108.98%) |
| Total | <u>\$3,883,127</u> | <u>\$3,836,604</u> | <u>\$46,523</u> | <u>1.21%</u> |

General Fund

The Educational Service District's General fund balance increased \$481,369.

The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

| | 2024 Amount | 2023 Amount | Increase (Decrease) | Increase (Decrease) |
|-----------------------------|---------------------|---------------------|------------------------|------------------------|
| Revenues: | | | | |
| Tuition | \$10,582,486 | \$9,394,982 | \$1,187,504 | 12.64% |
| Charges for Services | 281,717 | 548,326 | (266,609) | (48.62%) |
| Interest | 158,652 | 107,832 | 50,820 | 47.13% |
| Intergovernmental | 505,094 | 416,170 | 88,924 | 21.37% |
| All Other Revenues | 205,862 | 73,619 | 132,243 | 179.63% |
| Total: | <u>\$11,733,811</u> | <u>\$10,540,929</u> | <u>\$1,192,882</u> | <u>11.32%</u> |
| Expenditures: | | | | |
| Instruction | \$6,743,562 | \$7,126,671 | (\$383,109) | (5.38%) |
| Support Services | 4,403,684 | 3,460,111 | 943,573 | 27.27% |
| Interest and Fiscal Charges | 105,196 | 29,297 | 75,899 | 259.00% |
| Total: | <u>\$11,252,442</u> | <u>\$10,616,079</u> | <u>\$636,363</u> | <u>5.99%</u> |

Revenues of the General Fund increased \$1,192,882 or 11.32%. Tuition revenues increased \$1,187,504 or 12.64%. This increase is primarily due to an increase in tuition charges received for additional students.

Expenditures of the General Fund increased \$636,363 or 5.99%. This increase is primarily due to an increase in Support Services expenditures of \$943,573 or 27.27%.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

Capital Assets

At June 30, 2024, the Educational Service District had \$1,379,953 invested in furniture and equipment, educational media, and construction in progress. This entire amount is reported in governmental activities. The following table shows June 30, 2024 balances compared to June 30, 2023.

Table 4

Capital Assets & Accumulated Depreciation at Year End

| | Governmental Activities | |
|---------------------------------------|--------------------------------|-------------------------|
| | 2024 | 2023 |
| <i>Nondepreciable Capital Assets:</i> | | |
| Construction in Progress | \$0 | \$814,500 |
| <i>Depreciable Capital Assets:</i> | | |
| Buildings and Improvements | 1,295,000 | 0 |
| Furniture, Fixtures and Equipment | 277,084 | 235,406 |
| <i>Total Capital Assets</i> | <u>1,572,084</u> | <u>1,049,906</u> |
| <i>Less Accumulated Depreciation:</i> | | |
| Furniture, Fixtures and Equipment | 192,131 | 199,668 |
| <i>Total Accumulated Depreciation</i> | <u>192,131</u> | <u>199,668</u> |
| Non-Depreciable Capital Assets Net | <u>1,379,953</u> | <u>35,738</u> |
| Total Capital Assets, Net | <u><u>\$1,379,953</u></u> | <u><u>\$850,238</u></u> |

The overall increase in capital assets of \$529,715 is due to capital asset additions of a building and equipment exceeding current year depreciation during fiscal year 2024. See Note 8 to the basic financial statements for additional information on the Educational Service District's capital assets.

Debt Administration

At June 30, 2024, the Educational Service District had \$1,267,000 in Loans Outstanding. Table 4 summarizes the debt outstanding for fiscal year 2024 compared to fiscal year 2023.

Table 5

Outstanding Debt, Governmental Activities at Year End

| Purpose | Governmental Activities | |
|----------------|--------------------------------|---------------------------|
| | 2024 | 2023 |
| Loans Payable | <u>\$1,267,000</u> | <u>\$1,330,000</u> |
| Total Debt | <u><u>\$1,267,000</u></u> | <u><u>\$1,330,000</u></u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

More detailed information pertaining to the Educational Service District's long-term debt activity can be found in Note 13 of the notes to the basic financial statements.

Current Financial Related Activities

The Educational Service District is financially solvent. As the preceding information shows, the Educational Service District relies heavily on contracts with local and city school districts in Ross and Pike Counties, as well as State foundation revenue and grants. The contracts with our local and city school districts and providing the fiscal and administrative role to several entities, the Educational Service District will be able to provide the necessary funds to meet operating expenses in the future.

Contacting the Educational Service District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Educational Service District's finances and to show the Educational Service District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Erin Kirby, Treasurer, Ross-Pike Educational Service District, 475 Western Ave., Suite E, Chillicothe, OH.

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ROSS-PIKE EDUCATIONAL SERVICE DISTRICT*Statement of Net Position**June 30, 2024*

| | Governmental Activities |
|---|----------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Investments | \$4,538,217 |
| Accrued Interest Receivable | 12,666 |
| Accounts Receivable | 49,773 |
| Intergovernmental Receivable | 733,189 |
| Net OPEB Asset | 853,852 |
| Depreciable Capital Assets, Net | 1,379,953 |
| | <hr/> |
| <i>Total Assets</i> | 7,567,650 |
| | <hr/> |
| <u>Deferred Outflows of Resources:</u> | |
| Pensions | 3,845,544 |
| OPEB | 987,204 |
| | <hr/> |
| <i>Total Deferred Outflows of Resources</i> | 4,832,748 |
| | <hr/> |
| <u>Liabilities:</u> | |
| Accounts Payable | 36,564 |
| Accrued Wages and Benefits | 1,048,484 |
| Intergovernmental Payable | 221,998 |
| Unearned Revenue | (177,104) |
| Accrued Interest Payable | 3,384 |
| Claims Payable | 11,156 |
| Matured Compensated Absences Payable | 635 |
| <i>Long-Term Liabilities:</i> | |
| Due within One Year | 109,847 |
| <i>Due in More Than One Year:</i> | |
| Net Pension Liability | 14,040,485 |
| Net OPEB Liability | 1,409,221 |
| Other Amounts Due in More Than One Year | 1,484,309 |
| | <hr/> |
| <i>Total Liabilities</i> | 18,188,979 |
| | <hr/> |
| <u>Deferred Inflows of Resources:</u> | |
| Pensions | 754,914 |
| OPEB | 1,885,826 |
| | <hr/> |
| <i>Total Deferred Inflows of Resources</i> | 2,640,740 |
| | <hr/> |
| <u>Net Position:</u> | |
| Investment in Capital Assets | 112,953 |
| <i>Restricted for:</i> | |
| Net OPEB Asset | 276,307 |
| Other Purposes | 180,448 |
| Unrestricted (Deficit) | (8,999,029) |
| | <hr/> |
| <i>Total Net Position</i> | (\$8,429,321) |
| | <hr/> <hr/> |

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT*Statement of Activities**For the Fiscal Year Ended June 30, 2024*

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|---------------------|--------------------------------------|--|--|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| <u>Governmental Activities:</u> | | | | |
| <i>Instruction:</i> | | | | |
| Regular | \$752,803 | \$688,528 | \$4,477 | (\$59,798) |
| Special | 7,480,873 | 6,428,355 | 644,799 | (407,719) |
| Other | 5,015 | 0 | 0 | (5,015) |
| <i>Support Services:</i> | | | | |
| Pupils | 2,288,295 | 1,803,570 | 77,859 | (406,866) |
| Instructional Staff | 2,775,656 | 2,152,962 | 1,797,744 | 1,175,050 |
| Board of Education | 70,934 | 0 | 0 | (70,934) |
| Administration | 419,598 | 501,939 | 34,349 | 116,690 |
| Fiscal | 372,209 | 277,114 | 83,511 | (11,584) |
| Operation and Maintenance of Plant | 198,116 | 153,878 | 79,220 | 34,982 |
| Central | 316,538 | 0 | 0 | (316,538) |
| <i>Debt Service:</i> | | | | |
| Interest and Fiscal Charges | 42,027 | 0 | 0 | (42,027) |
| <i>Total Governmental Activities</i> | <u>\$14,722,064</u> | <u>\$12,006,346</u> | <u>\$2,721,959</u> | <u>6,241</u> |
| <u>General Revenues:</u> | | | | |
| Grants and Entitlements not Restricted to Specific Programs | | | | 366,580 |
| Investment Earnings | | | | 211,077 |
| Miscellaneous | | | | <u>233,015</u> |
| <i>Total General Revenues</i> | | | | <u>810,672</u> |
| Change in Net Position | | | | 816,913 |
| <i>Net Position at Beginning of Year</i> | | | | <u>(9,246,234)</u> |
| <i>Net Position at End of Year</i> | | | | <u><u>(\$8,429,321)</u></u> |

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Balance Sheet
Governmental Funds
June 30, 2024

| | General | Other Governmental Funds | Total Governmental Funds |
|---|--------------------|--------------------------------|--------------------------------|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Investments | \$4,302,436 | \$114,800 | \$4,417,236 |
| Accrued Interest Receivable | 12,666 | 0 | 12,666 |
| Accounts Receivable | 47,857 | 1,916 | 49,773 |
| Interfund Receivable | 130,848 | 0 | 130,848 |
| Intergovernmental Receivable | 515,701 | 217,488 | 733,189 |
| <i>Total Assets</i> | <u>\$5,009,508</u> | <u>\$334,204</u> | <u>\$5,343,712</u> |
| <u>Liabilities:</u> | | | |
| Accounts Payable | \$2,369 | \$34,195 | \$36,564 |
| Accrued Wages and Benefits | 892,951 | 155,533 | 1,048,484 |
| Interfund Payable | 0 | 130,848 | 130,848 |
| Intergovernmental Payable | 179,645 | 42,353 | 221,998 |
| Matured Compensated Absences Payable | 635 | 0 | 635 |
| Unearned Revenue | 0 | (177,104) | (177,104) |
| <i>Total Liabilities</i> | <u>1,075,600</u> | <u>185,825</u> | <u>1,261,425</u> |
| <u>Deferred Inflows of Resources:</u> | | | |
| Unavailable Revenue | <u>14,939</u> | <u>184,221</u> | <u>199,160</u> |
| <u>Fund Balances:</u> | | | |
| Restricted | 0 | 90,366 | 90,366 |
| Committed | 122,853 | 0 | 122,853 |
| Assigned | 400 | 0 | 400 |
| Unassigned | 3,795,716 | (126,208) | 3,669,508 |
| <i>Total Fund Balances</i> | <u>3,918,969</u> | <u>(35,842)</u> | <u>3,883,127</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$5,009,508</u> | <u>\$334,204</u> | <u>\$5,343,712</u> |

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024*

| | |
|--|--------------------|
| Total Governmental Funds Balances | \$3,883,127 |
|--|--------------------|

*Amounts reported for governmental activities in the Statement of
Net Position are different because:*

| | |
|--|-----------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 1,379,953 |
|--|-----------|

| | |
|---|---------|
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: Intergovernmental Receivable | 199,160 |
|---|---------|

| | |
|--|-------------|
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of: | |
| Compensated Absences Payable | (327,156) |
| Loans Payable | (1,267,000) |
| Accrued Interest Payable | (3,384) |
| Total | (1,597,540) |

| | |
|--|--------------|
| The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental funds: | |
| Deferred Outflows - Pension | 3,845,544 |
| Deferred Outflows - OPEB | 987,204 |
| Net OPEB Asset | 853,852 |
| Net Pension Liability | (14,040,485) |
| Net OPEB Liability | (1,409,221) |
| Deferred Inflows - Pension | (754,914) |
| Deferred Inflows - OPEB | (1,885,826) |
| Total | (12,403,846) |

| | |
|---|---------|
| Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. | 109,825 |
|---|---------|

| | |
|--|---------------|
| <i>Net Position of Governmental Activities</i> | (\$8,429,321) |
|--|---------------|

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

| | General | Other Governmental Funds | Total Governmental Funds |
|--|---------------------------|--------------------------------|--------------------------------|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$505,094 | \$2,474,442 | \$2,979,536 |
| Interest | 158,652 | 0 | 158,652 |
| Increase (Decrease) in Fair Value of Investments | 52,425 | 0 | 52,425 |
| Tuition and Fees | 10,582,486 | 360,938 | 10,943,424 |
| Rent | 18,600 | 0 | 18,600 |
| Gifts and Donations | 2,122 | 4,974 | 7,096 |
| Customer Sales and Services | 281,717 | 762,605 | 1,044,322 |
| Miscellaneous | 132,715 | 100,300 | 233,015 |
| <i>Total Revenues</i> | <u>11,733,811</u> | <u>3,703,259</u> | <u>15,437,070</u> |
| <u>Expenditures:</u> | | | |
| <i>Current:</i> | | | |
| Instruction: | | | |
| Regular | 5,531 | 748,346 | 753,877 |
| Special | 6,733,016 | 781,705 | 7,514,721 |
| Other | 5,015 | 0 | 5,015 |
| <i>Support Services:</i> | | | |
| Pupils | 2,217,423 | 74,762 | 2,292,185 |
| Instructional Staff | 947,104 | 1,802,009 | 2,749,113 |
| Board of Education | 70,934 | 0 | 70,934 |
| Administration | 428,503 | 101,264 | 529,767 |
| Fiscal | 301,233 | 74,380 | 375,613 |
| Operation and Maintenance of Plant | 114,591 | 75,139 | 189,730 |
| Central | 315,980 | 0 | 315,980 |
| Capital Outlay | 7,916 | 480,500 | 488,416 |
| <i>Debt Services:</i> | | | |
| Principal Retirement | 63,000 | 0 | 63,000 |
| Interest | 42,196 | 0 | 42,196 |
| <i>Total Expenditures</i> | <u>11,252,442</u> | <u>4,138,105</u> | <u>15,390,547</u> |
| <i>Net Change in Fund Balances</i> | 481,369 | (434,846) | 46,523 |
| <i>Fund Balances at Beginning of Year</i> | <u>3,437,600</u> | <u>399,004</u> | <u>3,836,604</u> |
| <i>Fund Balances at End of Year</i> | <u><u>\$3,918,969</u></u> | <u><u>(\$35,842)</u></u> | <u><u>\$3,883,127</u></u> |

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

| | |
|---|-----------------|
| Net Change in Fund Balances - Total Governmental Funds | \$46,523 |
|---|-----------------|

*Amounts reported for governmental activities in the Statement of
Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

| | | |
|---------------------------|----------|---------|
| Capital Asset Additions | 595,837 | |
| Current Year Depreciation | (54,306) | |
| | | |
| Total | | 541,531 |

| | |
|--|----------|
| Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. | (11,816) |
|--|----------|

| | |
|---|---------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of: | |
| Intergovernmental revenue | 127,399 |

| | |
|--|--------|
| Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of: | |
| Loan payments | 63,000 |

| | |
|--|----------|
| Some expenses reported in the Statement of Activities, including compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | (31,233) |
| Compensated absences | |

| | |
|---|-----|
| In the Statement of Activities, interest is accrued on outstanding loans over the term of the loans, whereas in governmental funds, an interest expenditure is reported when due: | |
| Accrued Interest Payable | 169 |

| | |
|--|-----------|
| Pension and OPEB Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred outflows. | 1,488,823 |
|--|-----------|

| | |
|--|-------------|
| Except for amounts reported as deferred inflows/outflows, changes in the net pension OPEB OPEB Liability (Asset) are reported as pension expense in the Statement of Activities. | (1,381,241) |
|--|-------------|

| | |
|---|-------|
| The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities. | (750) |
|---|-------|

| | |
|--|-------------------------|
| <i>Change in Net Position of Governmental Activities</i> | <u><u>\$842,405</u></u> |
|--|-------------------------|

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Fund Net Position

Proprietary Fund

June 30, 2024

| | Governmental Activities |
|---------------------------------------|----------------------------|
| | Internal Service |
| <u>Assets:</u> | |
| <i>Current Assets:</i> | |
| Equity in Pooled Cash and Investments | \$120,981 |
| <i>Total Assets</i> | 120,981 |
| <u>Liabilities:</u> | |
| <i>Current Liabilities:</i> | |
| Claims Payable | 11,156 |
| <i>Total Liabilities</i> | 11,156 |
| <u>Net Position:</u> | |
| Unrestricted | 109,825 |
| <i>Total Net Position</i> | \$109,825 |

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

| | |
|--|----------------------------|
| | Governmental Activities |
| | Internal Service |
| <u>Operating Revenues:</u> | |
| Charges for Services | \$65,768 |
| <i>Total Operating Revenues</i> | 65,768 |
| <u>Operating Expenses:</u> | |
| Claims | 66,518 |
| <i>Total Operating Expenses</i> | 66,518 |
| <i>Operating Income/Change in Net Position</i> | (750) |
| <i>Net Position at Beginning of Year</i> | 110,575 |
| <i>Net Position at End of Year</i> | \$109,825 |

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2024

| | Governmental Activities |
|---|----------------------------|
| | Internal Service |
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from Interfund Services Provided | \$65,768 |
| Cash Payments for Claims | (64,870) |
| <i>Net Cash from Operating Activities</i> | 898 |
| <i>Net Decrease in Cash and Cash Equivalents</i> | 898 |
| <i>Cash and Cash Equivalents at Beginning of Year</i> | 120,083 |
| <i>Cash and Cash Equivalents at End of Year</i> | \$120,981 |
| <u>Reconciliation of Operating Loss to Net Cash from Operating Activities:</u> | |
| Operating Income | (\$750) |
| <u>Changes in Liabilities:</u> | |
| Decrease in Claims Payable | 1,648 |
| <i>Net Cash from Operating Activities</i> | \$898 |

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2024

Custodial Fund

Assets:

Equity in Pooled Cash and Investments

\$1,744

Total Current Assets

1,744

Total Assets

1,744

Liabilities:

Total Liabilities

0

Net Position:

Restricted for Individuals, Organizations and Other Governments

1,744

Total Net Position

\$1,744

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

June 30, 2024

Custodial Fund

Additions:

Custodial Fund Receipts

(\$515)

Total Additions

(515)

Deductions:

Custodial Fund Disbursements

0

Total Deductions

0

Change in Net Position

(515)

Net Position Beginning of Year

2,259

Net Position End of Year

\$1,744

See accompanying notes to the basic financial statements.

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ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 1 - DESCRIPTION OF THE EDUCATIONAL SERVICE DISTRICT AND REPORTING ENTITY

Description of the Educational Service District

The Ross-Pike Educational Service District (the “Educational Service District”) is located in Chillicothe, Ohio, the county seat. The Educational Service District is a government resulting from a consolidation of the former Ross County Educational Service District and the former Pike County Educational Service District. The Educational Service District began operations on July 1, 1999. The Educational Service District supplies supervisory, special education, administrative, and other services to the Union-Scioto, Adena, Zane Trace, Southeastern, Huntington, Western, Eastern, Scioto Valley (Pike) and Paint Valley Local School Districts and the Waverly City School District. The Educational Service District furnishes leadership and consulting services designed to strengthen the school Educational Service Districts in areas they are unable to finance or staff independently.

The Ross-Pike Educational Service District operates under a locally-elected Board form of government consisting of five members from Ross County, plus four Board members from the Pike County Joint Vocational school, who are elected for staggered four-year terms and two members that are appointed by the nine elected Board members. The Educational Service District has 163 support staff employees and 156 certified teaching and supervisory personnel that provides services to the local and city school districts and the career technology Districts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “*The Financial Reporting Entity*” as amended by GASB Statement No. 39, “*Determining Whether Certain Organizations Are Component Units*” and GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus*.” The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Educational Service District consists of all funds, departments, boards, and agencies that are not legally separate from the Educational Service District. For Ross-Pike Educational Service District, this includes general operations and student related activities.

Component units are legally separate organizations for which the Educational Service District is financially accountable. The Educational Service District is financially accountable for an organization if the Educational Service District appoints a voting majority of the organization's governing board and (1) the Educational Service District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Educational Service District is legally entitled to or can otherwise access the organization's resources; or (3) the Educational Service District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Educational Service District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Educational Service District in that the Educational Service District approves the budget, the issuance of debt, or the levying of taxes. The Educational Service District has no component units.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Jointly Governed Organizations

META Solutions

META Solutions is a jointly governed organization as a regional council of governments pursuant to State statutes. META Solutions develops, implements, and supports the technology and instructional needs of member Educational Service Districts including financial accounting services, educational management information services, and cooperative purchasing services. META Solutions membership consists of 152 public schools, 11 Educational Service Districts, 15 career technology centers, and more than 200 non-public chartered schools. Non-public charter schools are not members but receive services based on contractual agreements and are not eligible for seats on the board of directors. Each member Educational Service District pays an annual fee for services provided by META Solutions. META Solutions is governed by an 11-member board of directors made up of Superintendents and School Business Officials selected from the 178 member public school Educational Service Districts. The board of directors controls the budget and finances of META Solutions. The continued existence of META Solutions is not dependent on the Educational Service District's continued participation and no equity interest exists. Financial statements for META Solutions can be obtained from the META Solutions office, 2100 Citygate Drive, Columbus, Ohio 43219. The Educational Service District made payments of \$56,054 to META Solutions for fiscal year 2024.

Pickaway-Ross Career and Technology Center

The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, and the Educational Service District, each of which possesses its own budgeting and taxing authority. During fiscal year 2024, the Educational Service District paid \$9,343 to the Pickaway-Ross Career and Technology Center. To obtain financial information write to the Pickaway-Ross Career and Technology Center, Todd Starr, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Insurance Purchasing Pools

Workers' Compensation Group Rating Program

The Educational Service District participates in a Workers' Compensation Group Rating Program (GRP) administered by Sheakley Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the Educational Service District by virtue of its grouping and representation with other participants in the GRP. The Educational Service District pays a fee to the GRP to cover the costs of administering the program.

Ohio School Plan

For Members with Ohio Plan policies renewing after November 1, 2005.

Risk Pool Membership

The Educational Service District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools ("Members"). See Note 9 for Plan information.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Ross County School Employees Insurance Consortium

The Ross County School Employees Insurance Consortium (the “Consortium”), a shared risk-pool, currently operates to provide medical insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Seven school Districts within Ross County and its surrounding area have entered into an agreement with the Ross-Pike Educational Service District to form the Ross County School Employees Insurance Consortium. The overall objectives of the Consortium are to formulate and administer a program of medical insurance for the benefit of the Consortium members’ employees and their dependents, to obtain lower costs for insurance coverage, and to secure cost control by implementing a program of comprehensive loss control. The Consortium’s business and affairs are managed by a Council consisting of one representative for each participating school. The participating school Educational Service Districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium.

Accordingly, the Ross County School Employees Insurance Consortium is not part of the Educational Service District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Ross-Pike Educational Service District, Erin Kirby who serves as Treasurer, at 475 Western Avenue, Chillicothe, Ohio 45601.

B. Basis of Presentation

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

The Statement of Net Position presents the financial condition of the governmental activities of the Educational Service District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Educational Service District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Educational Service District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Educational Service District.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements

During the year, the Educational Service District segregates transactions related to certain 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 Educational Service District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary statements. Fiduciary funds are reported by type.

C. Fund Accounting

The Educational Service District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the Educational Service District can be classified using three categories: governmental, proprietary and fiduciary.

Governmental Funds

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

The following are the Educational Service District's major governmental fund:

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

Proprietary Fund

Proprietary funds are used to account for the Educational Service District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of enterprise funds and internal service funds; the Educational Service District has no enterprise funds.

Internal Service Fund – This fund is used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the Educational Service District, or to other governments, on a cost-reimbursement basis. The Educational Service District's only internal service fund accounts for the self-insurance program for employee dental and vision claims.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. The Educational Service District's only fiduciary fund is the custodial fund.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Educational Service District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements

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

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

E. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the Educational Service District receives value without directly giving equal value in return, include grants, entitlements and donations.

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Educational Service District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Educational Service District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year-end: grants, interest, contractual service fees and charges for services.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Educational Service District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension/OPEB. The deferred outflows of resources related to pension/OPEB are explained in Notes 10 and 11.

In addition to the liabilities, the Statement of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. For the Educational Service District, deferred inflows of resources include pension, OPEB and unavailable revenue. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the Educational Service District unavailable revenue includes intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide Statement of Net Position. (See Notes 10 and 11)

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the costs of accumulated unpaid vacation, personal leave and sick leave. They are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Budgetary Process

Although not legally required, the Educational Service District adopts its budget for all funds, other than custodial funds. The budget includes the estimated resources and expenditures for each fund and consists of three parts; Part (A) includes entitlement funding from the State, Part (B) includes the cost of all other lawful expenditures of the Educational Service District (which are apportioned by the State Department of Education to each local Board of Education under the supervision of the Educational Service District) and Part (C) includes the adopted appropriation resolution.

In fiscal year 2004, the Educational Service District's requirement to file budgetary information with the Ohio Department of Education was eliminated. Even though the budgetary process for the Educational Service District was discretionary, the Educational Service District continued to have its Board approve appropriations. The Educational Service District's Board adopts an annual appropriation resolution, which is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board.

The level of control has been established by the Board at the fund level for all funds. Budgetary information for the General fund and has been presented as supplementary information to the basic financial statements.

G. Equity in Pooled Cash and Investments

To improve cash management, all cash received by the Educational Service District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Educational Service District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

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

During fiscal year 2024, investments were limited to Federal Agency Securities, U.S. Government money market account, State Treasury Asset Reserve of Ohio (STAROhio) and certificates of deposit. Except for nonparticipating investment contracts, investments are recorded at fair value. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The Educational Service District has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." Investments in STAROhio are valued at the net asset value per share provided by STAROhio on an amortized cost basis at June 30, 2024. Nonparticipating investment contracts are reported at cost.

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 \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Following Ohio statutes, the Educational Service District has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2024 amounted to \$158,652, which includes \$25,654 assigned from other Educational Service District funds.

H. Capital Assets and Depreciation

All capital assets of the Educational Service District are general capital assets that are associated with governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activity's column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition cost as of the date received. The Educational Service District maintains a capitalization threshold of five hundred dollars. The Educational Service District does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-------------------------|------------------------|
| Furniture | 10 - 20 years |
| Educational Media | 3 - 6 years |
| Computers and Equipment | 4 - 6 years |
| Buildings | 20-50 years |

I. Compensated Absences

Compensated absences of the Educational Service District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Educational Service District and the employee.

In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service at age 50 were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave will be paid. The noncurrent portion of the liability is not reported.

J. Accrued Liabilities and Long-Term Liabilities

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.

K. Pensions

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.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term Interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as "Interfund payables and receivables". These amounts are eliminated in the governmental-type activities columns on the Statement of Net Position.

M. Interfund Activity

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

N. Net Position

Net Position represents the difference between assets and liabilities and deferred outflows/inflows. Investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Educational Service District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

O. Fund Balance

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

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation (Educational Service District resolutions); or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Enabling legislation authorized the Educational Service District to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Educational Service District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the Educational Service District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the Educational Service District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned – this 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.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Educational Service District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the Educational Service District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Estimates

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Educational Service District, these revenues are charges for services for vision and dental benefits provided to employees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. Non-operating revenues and expenses are those that are not generated directly by the Educational Service District's primary mission. The Educational Service District did not report non-operating revenues or expenses for fiscal year 2024.

NOTE 3 - IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2024, the Educational Service District has implemented GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. This statement enhances accounting and financial reporting requirements for accounting and error corrections to provide more understandable, reliable, relevant, consistent, and compatible information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Educational Service District.

NOTE 4 – ACCOUNTABILITY

Deficit Balances

Fund balances at June 30, 2024 included the following individual fund deficits:

| <u>Fund</u> | <u>Deficit</u> |
|--|----------------|
| <i>Nonmajor Special Revenue Funds:</i> | |
| Professional Development | \$43,920 |
| Great Seal Challenge Agency | 20,727 |
| Preschool Expansion Grant | 25,516 |
| Miscellaneous State Grants | 1,638 |
| ESSER | 27,940 |
| SST Career Tech | 935 |
| Title I | 434 |
| Miscellaneous Federal Grants | 5,098 |

The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments from accrued liabilities.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

- (1) United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
- (2) Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements 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 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- (6) The State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and bankers' acceptances (if authorized by the Board of Education).

Protection of the Educational Service District deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At fiscal year end, the Educational Service District had \$25 in undeposited cash on hand which is included on the financial statements of the Educational Service District as part of “equity in pooled cash and investments.”

B. Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the Educational Service District may not be able to recover deposits on collateral securities that are the possession of an outside party. As of June 30, 2024, all of the Educational Service District’s bank balance of \$888,449 was either covered by Federal Deposit Insurance or collateral was held by the pledging banks trust department not in the Educational Service District’s name.

The Educational Service 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 Educational Service 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% 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% of the deposits being secured or a rate set by the Treasurer of State.

Both of the Educational Service District’s financial institutions are enrolled in the OPCS.

C. Investments

As of June 30, 2024, the Educational Service District had the following investments and maturities:

| Investment Type | Fair Value | Investment Maturities | | |
|------------------------------|--------------------|-----------------------|-----------------------|---------------------|
| | | One Year or Less | One to Three Years | Over Three Years |
| STAR Ohio | \$1,085,850 | \$1,085,850 | \$0 | \$0 |
| FFCB | 466,228 | 366,134 | 0 | 100,094 |
| FNMA | 217,824 | 0 | 217,824 | 0 |
| FHLB | 594,025 | 257,475 | 336,550 | 0 |
| Negotiable CDs | 1,000,650 | 428,320 | 572,330 | 0 |
| U.S. Treasury Notes | 272,264 | 158,369 | 0 | 113,895 |
| U.S. Government Money Market | 317,688 | 317,688 | 0 | 0 |
| Total | <u>\$3,954,529</u> | <u>\$2,613,836</u> | <u>\$1,126,704</u> | <u>\$213,989</u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

The Educational Service District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Educational Service District's recurring fair value measurements as of June 30, 2024.

All of the Educational Service District's investments are valued using pricing sources as provided by the investments managers (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Educational Service District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Educational Service District's investment policy does not address credit risk. Standard and Poor's has assigned the Federal Farm Credit Bank, Federal National Mortgage Association, Federal Home Loan Bank Notes, a rating of "AA+". STAR Ohio, U.S. Treasury Bills, U.S. Treasury Notes, and U.S. money market are rated AAAM. Credit ratings for negotiable CDs are not readily available.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Educational Service District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Educational Service District policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the Educational Service District or not.

Concentration of Credit Risk: The Educational Service District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Educational Service District at June 30, 2024:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>% of Total</u> |
|------------------------------|--------------------|-------------------|
| STAR Ohio | \$1,085,850 | 27.46% |
| FFCB | 466,228 | 11.79% |
| FNMA | 217,824 | 5.51% |
| FHLB | 594,025 | 15.02% |
| Negotiable CDs | 1,000,650 | 25.30% |
| U.S. Treasury Notes | 272,264 | 6.88% |
| U.S. Government Money Market | 317,688 | 8.04% |
| Total | <u>\$3,954,529</u> | <u>100.00%</u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position:

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Position as of June 30, 2024:

| <u>Cash and investments per note</u> | |
|---|--------------------|
| Carrying amount of deposit | \$585,410 |
| Investments | 3,954,529 |
| Cash on hand | 25 |
| Total | <u>\$4,539,964</u> |
| <u>Cash and Investments per Statement of Net Position</u> | |
| Governmental Activities | \$4,538,217 |
| Fiduciary Fund | 1,744 |
| Total | <u>\$4,539,961</u> |

NOTE 6 – INTERFUND TRANSACTIONS

Interfund receivables and payables consisted of the following at June 30, 2024:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|--|---------------------------------|------------------------------|
| General | \$130,848 | \$0 |
| <i>Nonmajor Special Revenue Funds:</i> | | |
| Professional Development | 0 | 2,402 |
| Great Seal Challenge Agency | 0 | 20,062 |
| Preschool Expansion Grant | 0 | 11,949 |
| ESSER | 0 | 4,830 |
| Title VI-B | 0 | 88,746 |
| Preschool Grants | 0 | 1,688 |
| Miscellaneous State Grants | 0 | 1,171 |
| Total Non-Major Funds | <u>0</u> | <u>130,848</u> |
| Total | <u>\$130,848</u> | <u>\$130,848</u> |

All the interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 7 – RECEIVABLES - (Continued)**

Receivables at June 30, 2024 consist of accounts, intergovernmental and accrued interest. All receivables are considered collectible in full. A summary of the principal items of receivables reported on the statement of net position follows:

| <u>Governmental Activities:</u> | |
|---------------------------------|------------------|
| Accounts | \$49,773 |
| Intergovernmental | 935,785 |
| Accrued Interest | <u>12,666</u> |
| Total | <u>\$998,224</u> |

All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL ASSETS

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

| <u>Asset Category</u> | <u>Balance at July 1, 2023</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at June 30, 2024</u> |
|---------------------------------------|------------------------------------|--------------------|----------------------|-------------------------------------|
| <i>Nondepreciable Capital Assets:</i> | | | | |
| Construction in Progress | \$814,500 | \$480,500 | (\$1,295,000) | \$0 |
| Total Nondepreciable Capital Assets | <u>814,500</u> | <u>480,500</u> | <u>(1,295,000)</u> | <u>0</u> |
| <i>Depreciable Capital Assets:</i> | | | | |
| Buildings and Improvements | \$0 | \$1,295,000 | \$0 | \$1,295,000 |
| Furniture, Fixtures and Equipment | 234,545 | 115,337 | (73,659) | 276,223 |
| Educational Media | <u>861</u> | <u>0</u> | <u>0</u> | <u>861</u> |
| Total Depreciable Capital Assets | <u>235,406</u> | <u>1,410,337</u> | <u>(73,659)</u> | <u>1,572,084</u> |
| <i>Accumulated Depreciation:</i> | | | | |
| Buildings and Improvements | 0 | (39,571) | 0 | (39,571) |
| Furniture, Fixtures and Equipment | (198,807) | (14,735) | 61,843 | (151,699) |
| Educational Media | <u>(861)</u> | <u>0</u> | <u>0</u> | <u>(861)</u> |
| Total Accumulated Depreciation | <u>(199,668)</u> | <u>(54,306)</u> | <u>61,843</u> | <u>(192,131)</u> |
| Total Net Capital Assets | <u>\$850,238</u> | <u>\$1,836,531</u> | <u>(\$1,306,816)</u> | <u>\$1,379,953</u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 8 - CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follow:

| | |
|----------------------------|-----------------|
| <i>Instruction:</i> | |
| Regular | \$1,799 |
| Special | 29,692 |
| <i>Support Services:</i> | |
| Pupils | 4,447 |
| Instructional Staff | 10,384 |
| Administration | 6,696 |
| Fiscal | 491 |
| Operations and Maintenance | 470 |
| Central | 327 |
| Total Depreciation Expense | <u>\$54,306</u> |

NOTE 9 - RISK MANAGEMENT

A. Property

The Educational Service District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2024, the Educational Service District contracted through the Ohio School Plan for property insurance. Coverage's provided are as follows:

| | |
|---|-------------|
| Building and Contents - Replacement cost (\$1,000 deductible) | \$2,391,022 |
|---|-------------|

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

The Educational Service District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to 304 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile and violence coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Effective January 1, 2004, the Plan elected to participate in a paid loss ratio corridor deductible in its first \$1 million layer of casualty reinsurance. The corridor includes losses paid between 65% and 80% of premiums earned under this treaty. If the Plan's paid loss ratio reaches 65%, the plan would pay all the losses incurred related to this treaty up to the next 15% of premiums earned. Reinsurance coverage would resume after a paid loss ratio of 80% is exceeded. Effective November 1, 2009, the Plan's loss corridor includes losses paid between 80% and 85% of the premiums earned under this treaty. Effective July 1, 2010, the Plan retained 100% of the first \$150,000 layer of property. The Plan's annual loss aggregate under this property treaty is \$1.5 million effective July 1, 2011. Effective July 1, 2012, the plan's annual loss aggregate under this property treaty is \$1.75 million (See the Plan's audited financial statements on the website for more details). The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 9 - RISK MANAGEMENT- (Continued)

B. Risk Pool Membership

The School Educational Service District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omission, injuries to employees, and natural disasters. During fiscal year 2024, the School Educational Service District contracted with the Ohio School Plan for liability, property insurance and fleet insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

Ohio School Plan - The Educational Service District belongs to the Ohio School Plan (the “Plan”), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 307 Ohio schools (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator’s legal liability, automobile and violence coverages, modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. The Plan retains the first \$150,000 of property losses subject to an annual aggregate. The Plan retains the first \$150,000 of casualty losses. (See the Plan’s audited financial statements on the Auditor of State of Ohio’s website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2023 and 2022.

| | <u>2023</u> | <u>2022</u> |
|----------------|---------------------|---------------------|
| Assets | \$19,048,264 | \$17,878,913 |
| Liabilities | <u>(13,713,334)</u> | <u>(11,253,693)</u> |
| Members Equity | <u>\$5,334,930</u> | <u>\$6,625,220</u> |

You can read the complete audited financial statements for The Ohio School Plan at Auditor of State of Ohio’s website, <https://ohioauditor.gov/> under “Audit Search”.

C. OASBO Workers’ Compensation Group Rating Plan

For fiscal year 2024, the Educational Service District participated in the Ohio School Boards Association Worker’s Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2 A). The intent of the GRP is to achieve the benefit of a reduced premium for the Educational Service District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school Educational Service Districts is calculated as one experience and a common premium rate is applied to all school Educational Service Districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund”. This “equity pooling” arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school Educational Service Districts that can meet the GRP’s selection criteria. The firm of Sheakley Inc. provides administrative, cost control and actuarial services to the GRP.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 9 - RISK MANAGEMENT- (Continued)

D. Employee Medical/Dental/Vision Benefits

The Educational Service District is a member of the Ross County Insurance Consortium, a public entity shared risk pool consisting of school Educational Service Districts within the County offering medical, dental and vision insurance to their employees. Monthly premiums are paid to the Ross County Insurance Consortium as fiscal agent, who in turns pays the claims on the Educational Service District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Council.

The Educational Service District is self-insured for dental and vision insurance through Professional Risk Management, a Medical Mutual Health Company. The claims liability of \$11,156 reported in the Internal Service Fund at June 30, 2024 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Premiums are paid from the same funds that pay the employees' salaries.

Changes in claims activity for the past two fiscal years are as follows:

| <u>Fiscal Year</u> | <u>Balance at Beginning of Year</u> | <u>Current Year Claims</u> | <u>Claims Payments</u> | <u>Balance at End of Year</u> |
|--------------------|---|--------------------------------|----------------------------|-----------------------------------|
| 2023 | \$10,596 | \$66,796 | \$67,884 | \$9,508 |
| 2024 | 9,508 | 66,518 | 64,870 | 11,156 |

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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.

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – Educational Service 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.

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. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. 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. The Retirement Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for 2024.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Educational Service 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. For fiscal year 2024, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The Educational Service District's contractually required contribution to SERS was \$510,115 for fiscal year 2024. Of this amount, none is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Educational Service 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 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 at any age.

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

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.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14 percent of their annual covered salary. The Educational Service District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The Educational Service District's contractually required contribution to STRS was \$922,010 for fiscal year 2024. Of this amount, \$146,662 is reported as an intergovernmental payable.

Net Pension Liability

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Educational Service District's proportion of the net pension liability was based on the Educational Service 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 |
|--|-------------|-------------|--------------|
| <i>Proportion of the Net Pension Liability:</i> | | | |
| Current Measurement Date | 0.08299690% | 0.04390298% | |
| Prior Measurement Date | 0.07583000% | 0.04052766% | |
| Change in Proportionate Share | 0.00716690% | 0.00337532% | |
| Proportionate Share of the Net Pension Liability | \$4,586,006 | \$9,454,479 | \$14,040,485 |
| Pension Expense | \$593,825 | \$887,804 | \$1,481,629 |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the Educational Service District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

| | SERS | STRS | Total |
|--|--------------------|--------------------|--------------------|
| Deferred Outflows of Resources | | | |
| Differences between Expected and Actual Experience | \$197,117 | \$344,692 | \$541,809 |
| Changes of Assumptions | 32,485 | 778,627 | 811,112 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 383,970 | 676,528 | 1,060,498 |
| Contributions Subsequent to the Measurement Date | 510,115 | 922,010 | 1,432,125 |
| Total Deferred Outflows of Resources | <u>\$1,123,687</u> | <u>\$2,721,857</u> | <u>\$3,845,544</u> |
| Deferred Inflows of Resources | | | |
| Differences between Expected and Actual Experience | \$0 | \$20,980 | \$20,980 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 64,457 | 28,337 | 92,794 |
| Changes of Assumptions | 0 | 586,084 | 586,084 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 0 | 55,056 | 55,056 |
| Total Deferred Inflows of Resources | <u>\$64,457</u> | <u>\$690,457</u> | <u>\$754,914</u> |

\$1,432,125 reported as deferred outflows of resources related to pension resulting from Educational Service District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|-----------------------------|------------------|--------------------|--------------------|
| 2025 | \$223,841 | \$84,360 | \$308,201 |
| 2026 | (56,553) | (149,584) | (206,137) |
| 2027 | 378,409 | 1,082,202 | 1,460,611 |
| 2028 | 3,418 | 92,412 | 95,830 |
| | <u>\$549,115</u> | <u>\$1,109,390</u> | <u>\$1,658,505</u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, compared with June 30, 2022, are presented below:

| | June 30, 2023 | June 30, 2022 |
|--|---|---|
| Inflation | 2.40 percent | 2.40 percent |
| Future Salary Increases, including inflation | 3.25 percent to 13.58 percent | 3.50 percent to 13.58 percent |
| COLA or Ad Hoc COLA | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |
| Investment Rate of Return | 7.00 percent net of investment expenses | 7.00 percent net of system expense |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) | Entry Age Normal (Level Percent of Payroll) |

Mortality rates for 2023 and 2022 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return, 7.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 6.90 percent.

Sensitivity of the Educational Service 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 | Current Discount Rate | 1% Increase |
|---|-------------|-----------------------|-------------|
| Educational Service District's Proportionate Share of the Net Pension Liability | \$6,768,711 | \$4,586,006 | \$2,747,493 |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

| | June 30, 2023 | June 30, 2022 |
|-----------------------------------|--|--|
| Inflation | 2.50 percent | 2.50 percent |
| Projected salary increases | 8.50 percent at age 20 to 2.50 percent at age 65 | 8.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.00 percent, net of investment expenses, including inflation | 7.00 percent, net of investment expenses, including inflation |
| Discount Rate of Return | 7.00 percent | 7.00 percent |
| Payroll Increases | 3.00 percent | 3.00 percent |
| Cost-of-Living Adjustments (COLA) | 0.0 percent | 0.0 percent, |

Post-Retirement mortality rates for 2023 and 2022 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 an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

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

* Final target weights reflected at October 1, 2022.

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023, and was 7.00 percent as of June 30, 2022. 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 payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the Educational Service District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Educational Service 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 Educational Service 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:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--|--------------------|----------------------------------|--------------------|
| Educational Service District's Proportionate Share of the Net Pension Liability | \$14,538,897 | \$9,454,479 | \$5,154,454 |

Assumption and Benefit Changes Since the Prior Measurement Date – Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 11 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

The net OPEB liability represents the Educational Service District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates annually.

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (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. Resulting adjustments to the net OPEB liability 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 proportionate share of each plan's unfunded benefits is presented as a long-term *OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Educational Service District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS 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. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-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 Educational Service District's surcharge obligation was \$56,698.

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 Educational Service District's contractually required contribution to SERS was \$56,698 for fiscal year 2024, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

Net OPEB Liability

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|--|--------------------|--------------------|--------------|
| <i>Proportion of the Net OPEB Liability:</i> | | | |
| Current Measurement Date | 0.08553980% | 0.04390280% | |
| Prior Measurement Date | 0.07774420% | 0.04052766% | |
| Change in Proportionate Share | <u>0.00779560%</u> | <u>0.00337514%</u> | |
| Proportionate Share of the Net OPEB | | | |
| Liability/(Asset) | \$1,409,221 | (\$853,852) | \$555,369 |
| OPEB Expense (Gain) | (\$47,218) | (\$53,170) | (\$100,388) |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 11 – DEFINED BENEFIT OPEB PLANS–** (Continued)

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|---|---------------------------|-------------------------|---------------------------|
| Deferred Outflows of Resources | | | |
| Differences between Expected and Actual Experience | \$2,938 | \$1,331 | \$4,269 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 10,920 | 1,526 | 12,446 |
| Changes of Assumptions | 476,500 | 125,787 | 602,287 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 310,647 | 857 | 311,504 |
| Contributions Subsequent to the Measurement Date | <u>56,698</u> | <u>0</u> | <u>56,698</u> |
| Total Deferred Outflows of Resources | <u><u>\$857,703</u></u> | <u><u>\$129,501</u></u> | <u><u>\$987,204</u></u> |
| Deferred Inflows of Resources | | | |
| Differences between Expected and Actual Experience | \$726,792 | \$130,233 | \$857,025 |
| Changes of Assumptions | 400,231 | 563,358 | 963,589 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | <u>51,757</u> | <u>13,455</u> | <u>65,212</u> |
| Total Deferred Inflows of Resources | <u><u>\$1,178,780</u></u> | <u><u>\$707,046</u></u> | <u><u>\$1,885,826</u></u> |

\$56,698 reported as deferred outflows of resources related to OPEB resulting from Educational Service District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|-----------------------------|---------------------------|---------------------------|---------------------------|
| Fiscal Year Ending June 30: | | | |
| 2025 | (\$148,259) | (\$252,026) | (\$400,285) |
| 2026 | (157,235) | (116,760) | (273,995) |
| 2027 | (98,201) | (45,567) | (143,768) |
| 2028 | (46,659) | (61,220) | (107,879) |
| 2029 | (17,485) | (56,427) | (73,912) |
| Thereafter | <u>90,064</u> | <u>(45,545)</u> | <u>44,519</u> |
| | <u><u>(\$377,775)</u></u> | <u><u>(\$577,545)</u></u> | <u><u>(\$955,320)</u></u> |

Actuarial Assumptions - SERS

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (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 OPEB liability in the latest actuarial valuation date of June 30, 2023, compared with June 30, 2022, are presented below:

| | June 30, 2023 | June 30, 2022 |
|--|--|---|
| Inflation | 2.40 percent | 2.40 percent |
| Future Salary Increases, including inflation | | |
| Wage Increases | 3.25 percent to 13.58 percent | 3.25 percent to 13.58 percent |
| Investment Rate of Return | 7.00 percent net of investment expense | 7.00 percent net of investment expense, including inflation |
| Municipal Bond Index Rate: | | |
| Measurement Date | 3.86 percent | 3.69 percent |
| Prior Measurement Date | 3.69 percent | 1.92 percent |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation | | |
| Measurement Date | 4.27 percent | 4.08 percent |
| Prior Measurement Date | 4.08 percent | 2.27 percent |
| Medical Trend Assumption | | |
| Medicare | 6.75 to 4.40 percent | 7.00 to 4.40 percent |
| Pre-Medicare | 6.75 to 4.40 percent | 7.00 to 4.40 percent |

For 2023 and 2022, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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 | 2.00 % | 0.75 % |
| US Equity | 24.75 | 4.82 |
| Non-US Equity Developed | 13.50 | 5.19 |
| Non-US Equity Emerging | 6.75 | 5.98 |
| Fixed Income/Global Bonds | 19.00 | 2.24 |
| Private Equity | 12.00 | 7.49 |
| Real Estate/Real Assets | 17.00 | 3.70 |
| Private Debt/Private Credit | 5.00 | 5.64 |
| Total | <u>100.00 %</u> | |

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (Continued)

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|-------------|--------------------------|-------------|
| Educational Service District's Proportionate Share of the Net OPEB Liability | \$1,801,388 | \$1,409,221 | \$1,099,982 |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|-------------|-----------------------|-------------|
| Educational Service District's Proportionate Share of the Net OPEB Liability | \$1,035,306 | \$1,409,221 | \$1,904,710 |

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation and the June 30, 2022 actuarial valuation are presented below:

| | June 30, 2023 | June 30, 2022 |
|----------------------------|---|---|
| Projected salary increases | Varies by service from 8.50 percent at age 20 to 2.50 percent at age 65 | Varies by service from 8.50 percent at age 20 to 2.50 percent at age 65 |
| 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-Medical | 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.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (Continued)

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

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

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 | 100.00 % | |

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and 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 actual 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, and was 7.00 percent as of June 30, 2022. 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 not 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 percent was used to measure the total OPEB liability as of June 30, 2023.

Sensitivity of the Educational Service District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability/asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB 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 assumption. Also shown is the net OPEB liability/asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (Continued)

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| Educational Service District's Proportionate Share of the Net OPEB Asset | \$722,674 | \$853,852 | \$968,095 |

| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|---|--------------------|-------------------------------|--------------------|
| Educational Service District's Proportionate Share of the Net OPEB Asset | \$973,396 | \$853,852 | \$709,864 |

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

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

NOTE 12 – EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from board policy and State laws. Eligible classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon the length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 45 days for all employees

B. Life Insurance

The Educational Service District provides life insurance to full time employees through One America.

C. Deferred Compensation

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

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 13 - LONG-TERM LIABILITIES**

The changes in the Educational Service District's long-term liabilities during fiscal year 2024 were as follows:

| | Principal Outstanding at June 30, 2023 | Additions | Deductions | Principal Outstanding at June 30, 2024 | Amount Due In One Year |
|--|--|--------------------|------------------|--|------------------------------|
| <i><u>Governmental Activities:</u></i> | | | | | |
| <i>Net Pension Liability:</i> | | | | | |
| STRS | \$9,009,350 | \$445,129 | \$0 | \$9,454,479 | \$0 |
| SERS | 4,101,476 | 484,530 | 0 | 4,586,006 | 0 |
| Total Net Pension Liability | 13,110,826 | 929,659 | 0 | 14,040,485 | 0 |
| <i>Net OPEB Liability:</i> | | | | | |
| SERS | 1,091,537 | 317,684 | 0 | 1,409,221 | 0 |
| Total Net OPEB Liability | 1,091,537 | 317,684 | 0 | 1,409,221 | 0 |
| Loans Payable | 1,330,000 | 0 | 63,000 | 1,267,000 | 73,000 |
| Compensated Absences | 295,923 | 140,179 | 108,946 | 327,156 | 36,847 |
| Total Governmental Activities | | | | | |
| Long-Term Obligations | <u>\$15,828,286</u> | <u>\$1,387,522</u> | <u>\$171,946</u> | <u>\$17,043,862</u> | <u>\$109,847</u> |

First State Bank Construction Loan – On September 27, 2022, the Educational Service District obtained a \$1,330,000 construction loan through First State Bank for the purpose of constructing, improving, furnishing and equipping facilities for the Educational Service District. The loan has a 3.25% interest rate. The loan will mature on December 1, 2037.

| Year | 2023 Construction Loan | | |
|-----------|------------------------|------------------|--------------------|
| | Principal | Interest | Total |
| 2025 | \$73,000 | \$39,991 | \$112,991 |
| 2026 | 75,000 | 37,586 | 112,586 |
| 2027 | 78,000 | 35,100 | 113,100 |
| 2028 | 80,000 | 31,812 | 111,812 |
| 2029 | 83,000 | 29,884 | 112,884 |
| 2030-2034 | 456,000 | 107,534 | 563,534 |
| 2035-2038 | 422,000 | 28,015 | 450,015 |
| Totals | <u>\$1,267,000</u> | <u>\$309,922</u> | <u>\$1,576,922</u> |

The Educational Service District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the fund, from which the employees' salaries are paid, with the most significant fund being the General Fund.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 14 - CONTINGENCIES

Grants

The Educational Service District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms of conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Educational Service District at June 30, 2024.

Litigation

The Educational Service District is currently not party to any legal proceedings.

NOTE 15 – STATE FUNDING

The Educational Service District is funded by the State Board of Education from State Funds for the cost of Part (A) of the budget. Part (B) of the budget is funded in the following way: \$6.50 times the Average Daily Membership (ADM-the total number of pupils under the Educational Service District's supervision) is apportioned by the State Board of Education from the local Educational Service Districts to which the Educational Service District provides services from payments made under the State's foundation program. Simultaneously, \$25 times the sum of the ADM is paid by the State Board of Education from State Funds to the Educational Service District.

NOTE 16 – OTHER COMMITMENTS

The Educational Service District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At June 30, 2024, the Educational Service District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u> | <u>June 30, 2024 Commitments</u> |
|--------------------------|--------------------------------------|
| General | \$400 |
| Other Governmental Funds | <u>285,922</u> |
| Total | <u><u>\$286,322</u></u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 17 – FUND BALANCES

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

| | General | Other Governmental Funds | Total Governmental Funds |
|-----------------------------|---------------------------|--------------------------------|--------------------------------|
| <i>Restricted:</i> | | | |
| <i>Special Revenues:</i> | | | |
| Alternative School | \$0 | \$78,327 | \$78,327 |
| Virtual Learning Program | 0 | 1,830 | 1,830 |
| High Schools That Work | 0 | 6,745 | 6,745 |
| Federal Grants | 0 | 3,464 | 3,464 |
| <i>Total Restricted</i> | <u>0</u> | <u>90,366</u> | <u>90,366</u> |
| <i>Committed:</i> | | | |
| Termination Benefits | 122,853 | 0 | 122,853 |
| <i>Assigned:</i> | | | |
| <i>Encumbrances:</i> | | | |
| Board of Education | <u>400</u> | <u>0</u> | <u>400</u> |
| <i>Total Assigned</i> | <u>400</u> | <u>0</u> | <u>400</u> |
| <i>Unassigned (Deficit)</i> | <u>3,795,716</u> | <u>(126,208)</u> | <u>3,669,508</u> |
| Total Fund Balance | <u><u>\$3,918,969</u></u> | <u><u>(\$35,842)</u></u> | <u><u>\$3,883,127</u></u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|--------------------|---|
| | Original | Final | Actual | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | | | \$505,094 | 505,094 |
| Tuition | | | 10,394,072 | 10,394,072 |
| Charges for Services | | | 302,795 | 302,795 |
| Rent | | | 18,600 | 18,600 |
| Interest | | | 150,145 | 150,145 |
| Gifts and Donations | | | 2,122 | 2,122 |
| Miscellaneous | | | 118,104 | 118,104 |
| <i>Total Revenues</i> | | | 11,490,932 | 11,490,932 |
| <u>Expenditures:</u> | | | | |
| <i>Current:</i> | | | | |
| <i>Instruction:</i> | | | | |
| Regular | 5,000 | 5,531 | 5,531 | 0 |
| Special | 7,960,113 | 7,186,113 | 6,857,865 | 328,248 |
| Other | 17,000 | 17,000 | 5,015 | 11,985 |
| <i>Support Services:</i> | | | | |
| Pupils | 1,997,250 | 2,089,105 | 2,230,425 | (141,320) |
| Instructional Staff | 827,250 | 953,857 | 947,118 | 6,739 |
| Board of Education | 149,900 | 149,900 | 71,334 | 78,566 |
| Administration | 449,450 | 515,376 | 417,660 | 97,716 |
| Fiscal | 337,850 | 337,850 | 316,292 | 21,558 |
| Operation and Maintenance of Plant | 156,000 | 156,000 | 113,897 | 42,103 |
| Central | 239,850 | 206,850 | 197,134 | 9,716 |
| Capital Outlay | 50,000 | 15,000 | 8,033 | 6,967 |
| <i>Debt Service:</i> | | | | |
| Principal Retirement | 63,000 | 63,000 | 63,000 | 0 |
| Interest and Fiscal Charges | 47,000 | 47,000 | 42,196 | 4,804 |
| <i>Total Expenditures</i> | 12,299,663 | 11,742,582 | 11,275,500 | 467,082 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (12,299,663) | (11,742,582) | 215,432 | 11,958,014 |
| <i>Fund Balance at Beginning of Year</i> | 3,843,677 | 3,843,677 | 3,843,677 | |
| <i>Prior Year Encumbrances Appropriated</i> | 72,888 | 72,888 | 72,888 | |
| <i>Fund Balance at End of Year</i> | <u>(\$8,383,098)</u> | <u>(\$7,826,017)</u> | <u>\$4,131,997</u> | |

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

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

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

Budgetary Process

The Educational Service District is no longer required under State statute to file budgetary information with the State Department of Education. However, the Educational Service District's Board does follow the budgetary process for control purposes. This is done by adopting an annual appropriation resolution which is the Board's authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Budgetary Basis of Accounting

The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).
5. Certain funds are reported as part of the General fund on a GAAP basis, but are not reported as part of the General fund on the Budget basis.

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

| <u>Net Change in Fund Balance</u> | |
|---|-------------------------|
| | <u>General</u> |
| GAAP Basis | \$481,369 |
| <i>Adjustments:</i> | |
| Revenue Accruals | (222,879) |
| Expenditure Accruals | (158,458) |
| Encumbrances | (400) |
| <i>Prospective Difference:</i> | |
| Activity of Funds Reclassified for GAAP Reporting Purposes | <u>115,800</u> |
| Budget Basis | <u><u>\$215,432</u></u> |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Schedule of the Educational Service District's Proportionate Share of Net Pension Liability
Last Ten Measurement Periods

| | 2024 | 2023 | 2022 | 2021 |
|--|-------------|-------------|-------------|-------------|
| <u>School Employees Retirement System of Ohio</u> | | | | |
| Educational Service District's Proportion of the Net Pension Liability | 0.08299690% | 0.07583000% | 0.07271400% | 0.07511290% |
| Educational Service District's Proportionate Share of the Net Pension Liability | \$4,586,006 | \$4,101,476 | \$2,682,936 | \$4,968,125 |
| Educational Service District's Covered Payroll | \$3,604,693 | \$3,153,636 | \$2,675,793 | \$2,833,364 |
| Educational Service District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll | 127.22% | 130.06% | 100.27% | 175.34% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 76.06% | 75.82% | 82.86% | 68.55% |
| <u>State Teachers Retirement System of Ohio</u> | | | | |
| Educational Service District's Proportion of the Net Pension Liability | 0.04390298% | 0.04052766% | 0.04111990% | 0.03987096% |
| Educational Service District's Proportionate Share of the Net Pension Liability | \$9,454,479 | \$9,009,350 | \$5,257,549 | \$9,647,354 |
| Educational Service District's Covered Payroll | \$6,074,800 | \$5,335,229 | \$4,985,664 | \$4,900,964 |
| Educational Service District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll | 155.63% | 168.87% | 105.45% | 196.85% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 80.00% | 78.88% | 87.80% | 75.48% |

Amounts presented as of the Educational Service District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-------------|-------------|-------------|--------------|--------------|--------------|
| 0.07631390% | 0.07087050% | 0.05973810% | 0.05424830% | 0.05227850% | 0.05070100% |
| \$4,565,994 | \$4,058,885 | \$3,569,220 | \$3,970,475 | \$2,983,062 | \$2,565,949 |
| \$2,789,150 | \$2,422,414 | \$2,094,886 | \$2,224,393 | \$1,822,140 | \$1,724,776 |
| 163.71% | 167.56% | 170.38% | 178.50% | 163.71% | 148.77% |
| 70.85% | 71.36% | 69.50% | 62.98% | 69.16% | 71.70% |
| 0.03994772% | 0.04083436% | 0.04091219% | 0.04287690% | 0.04205907% | 0.04181549% |
| \$8,834,198 | \$8,978,559 | \$9,718,778 | \$14,352,191 | \$11,623,897 | \$10,170,974 |
| \$4,733,379 | \$4,654,871 | \$4,549,257 | \$4,572,693 | \$4,572,714 | \$4,765,100 |
| 186.64% | 192.89% | 213.63% | 313.87% | 254.20% | 213.45% |
| 77.40% | 77.31% | 75.30% | 66.80% | 72.10% | 74.70% |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Schedule of the Educational Service District's Proportionate Share of Net OPEB Liability/(Asset)
Last Eight Fiscal Years

| | 2024 | 2023 | 2022 | 2021 |
|---|-------------|-------------|-------------|-------------|
| <u>School Employees Retirement System of Ohio</u> | | | | |
| Educational Service District's Proportion of the Net OPEB Liability | 0.08553980% | 0.07774420% | 0.07502340% | 0.07818630% |
| Educational Service District's Proportionate Share of the Net OPEB Liability | \$1,409,221 | \$1,091,537 | \$1,419,879 | \$1,699,244 |
| Educational Service District's Covered-Employee Payroll | \$3,643,679 | \$3,604,693 | \$3,153,636 | \$2,675,793 |
| Educational Service District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll | 38.68% | 30.28% | 45.02% | 63.50% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 30.02% | 30.34% | 24.08% | 18.17% |
| <u>State Teachers Retirement System of Ohio</u> | | | | |
| Educational Service District's Proportion of the Net OPEB Liability | 0.04390298% | 0.04052766% | 0.04111990% | 0.03987096% |
| Educational Service District's Proportionate Share of the Net OPEB Asset | \$853,852 | \$1,049,396 | \$866,979 | \$700,731 |
| Educational Service District's Proportionate Share of the Net OPEB Liability | \$0 | \$0 | \$0 | \$0 |
| Educational Service District's Covered-Employee Payroll | \$6,585,786 | \$6,074,800 | \$5,335,229 | \$4,985,664 |
| Educational Service District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of it's Covered-Employee Payroll | (12.97%) | (17.27%) | (16.25%) | (14.05%) |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 168.50% | 230.73% | 174.70% | 182.13% |

Amounts presented as of the Educational Service District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

| 2020 | 2019 | 2018 | 2017 |
|-------------|-------------|-------------|-------------|
| 0.07832120% | 0.07168120% | 0.06069880% | 0.06069880% |
| \$1,969,613 | \$1,988,630 | \$1,628,996 | \$1,730,140 |
| \$2,833,364 | \$2,789,150 | \$2,422,414 | \$2,094,886 |
| 69.52% | 71.30% | 67.25% | 82.59% |
| 15.57% | 13.57% | 12.46% | 11.49% |
| 0.03994772% | 0.04083436% | 0.04091219% | 0.04091219% |
| \$661,630 | \$656,167 | \$0 | \$0 |
| \$0 | \$0 | \$1,596,243 | \$2,187,995 |
| \$4,900,964 | \$4,733,379 | \$4,654,871 | \$4,549,257 |
| (13.50%) | (13.86%) | 34.29% | 48.10% |
| 174.74% | 176.00% | 47.10% | 37.30% |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Schedule of the Educational Service District's Contributions
School Employees Retirement Systems of Ohio
Last Ten Fiscal Years

| | 2024 | 2023 | 2022 | 2021 |
|---|------------------|------------------|------------------|------------------|
| <u>Pension</u> | | | | |
| Contractually Required Contributions | \$510,115 | \$504,657 | \$441,509 | \$374,611 |
| Contributions in Relation to the Contractually Required Contributions | <u>(510,115)</u> | <u>(504,657)</u> | <u>(441,509)</u> | <u>(374,611)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Educational Service District Covered-Employee Payroll | \$3,643,679 | \$3,604,693 | \$3,153,636 | \$2,675,793 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.00% | 14.00% | 14.00% | 14.00% |
| <u>OPEB</u> | | | | |
| Contractually Required Contributions (1) | \$0 | \$0 | \$0 | \$0 |
| Contributions in Relation to the Contractually Required Contributions | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Educational Service District Covered-Employee Payroll | \$3,643,679 | \$3,604,693 | \$3,153,636 | \$2,675,793 |
| Contributions as a Percentage of Covered-Employee Payroll | 0.00% | 0.00% | 0.00% | 0.00% |

(1) Excludes surcharge amounts.

Amounts presented as of the Educational Service District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$396,671 | \$376,535 | \$327,026 | \$293,284 | \$311,415 | \$240,158 |
| <u>(396,671)</u> | <u>(376,535)</u> | <u>(327,026)</u> | <u>(293,284)</u> | <u>(311,415)</u> | <u>(240,158)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$2,833,364 | \$2,789,150 | \$2,422,414 | \$2,094,886 | \$2,224,393 | \$1,822,140 |
| 14.00% | 13.50% | 13.50% | 14.00% | 14.00% | 13.18% |
| \$0 | \$13,946 | \$12,112 | \$0 | \$0 | \$14,942 |
| <u>0</u> | <u>(13,946)</u> | <u>(12,112)</u> | <u>0</u> | <u>0</u> | <u>(14,942)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$2,833,364 | \$2,789,150 | \$2,422,414 | \$2,094,886 | \$2,224,393 | \$1,822,140 |
| 0.00% | 0.50% | 0.50% | 0.00% | 0.00% | 0.82% |

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Schedule of the Educational Service District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Year

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| <u>Pension</u> | | | | |
| Contractually Required Contributions | \$922,010 | \$850,472 | \$746,932 | \$697,993 |
| Contributions in Relation to the Contractually Required Contributions | <u>(922,010)</u> | <u>(850,472)</u> | <u>(746,932)</u> | <u>(697,993)</u> |
| Contribution Deficiency (Excess) | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |
| Educational Service District Covered-Employee Payroll | \$6,585,786 | \$6,074,800 | \$5,335,229 | \$4,985,664 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.00% | 14.00% | 14.00% | 14.00% |
| <u>OPEB</u> | | | | |
| Contractually Required Contributions | \$0 | \$0 | \$0 | \$0 |
| Contributions in Relation to the Contractually Required Contributions | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Contribution Deficiency (Excess) | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |
| Educational Service District Covered-Employee Payroll | \$6,585,786 | \$6,074,800 | \$5,335,229 | \$4,985,664 |
| Contributions as a Percentage of Covered-Employee Payroll | 0.00% | 0.00% | 0.00% | 0.00% |

Amounts presented as of the Educational Service District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$686,135 | \$662,673 | \$651,682 | \$636,896 | \$640,177 | \$640,180 |
| <u>(686,135)</u> | <u>(662,673)</u> | <u>(651,682)</u> | <u>(636,896)</u> | <u>(640,177)</u> | <u>(640,180)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$4,900,964 | \$4,733,379 | \$4,654,871 | \$4,549,257 | \$4,572,693 | \$4,572,714 |
| 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$4,900,964 | \$4,733,379 | \$4,654,871 | \$4,549,257 | \$4,572,693 | \$4,572,714 |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

ROSS PIKE EDUCATIONAL SERVICE CENTER

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2014-2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

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

2019: The following were the most significant changes in benefit terms:

- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2020-2024: There were no changes in benefit terms for the period.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension 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. 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.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%

ROSS PIKE EDUCATIONAL SERVICE CENTER

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

- Mortality among active members was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward 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:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

2023: The following changes were made to the actuarial assumptions as identified:

- Cost-of-Living Adjustments was increased from 2.00% to 2.50% for calendar year 2023.

2024: The following changes were made to the actuarial assumptions as identified:

- Cost-of-Living Adjustments was increased from 2.00% to 2.50% for calendar year 2024.

Other Postemployment Benefits

Changes in benefit terms:

2017-2024: There were no changes in benefit terms for the period.

Changes in assumptions:

2017: The following were the most significant changes of assumptions that affected total pension 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.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent.
- Discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

ROSS PIKE EDUCATIONAL SERVICE CENTER

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 1.75%
- Mortality among active members was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward 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:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2024: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- The assumption for percent of pre-Medicare eligible retirees who chose the Wraparound plan increased from 10% to 20%.
- The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.
- An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2017-2024: There were no changes in benefit terms for the period.

Changes in assumptions:

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Long term expected rate of return was reduced from 7.75% to 7.45%,
- Inflation assumption was lowered from 2.75% to 2.50%,
- Payroll growth assumption was lowered to 3.00%,
- Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation.
- Healthy and disabled mortality assumptions were updated to the following:
 - RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

ROSS PIKE EDUCATIONAL SERVICE CENTER

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Long term expected rate of return was reduced from 7.45% to 7.00%.

2023: Projected salary increases beginning rate changed from 12.50% to 8.50%.

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Other Postemployment Benefits

Changes in benefit terms:

2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

2019: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2019.
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2021.

2020: The following were the most significant changes in benefit terms:

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

2021: The following were the most significant changes in benefit terms:

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

2022 - 2024: There were no changes in benefit terms for the period.

ROSS PIKE EDUCATIONAL SERVICE CENTER
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

Changes in assumptions:

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- Valuation year per capita health care costs were updated, and the salary scale was modified.
- The percentage of future retirees electing each option was updated
- The percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%
- Valuation year per capita health care costs were updated

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Discount rate was reduced from 7.45% to 7.00%.

2023: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Projected salary increases beginning rate changed from 12.50% to 8.50%.
- Health care cost trend rates were modified for medical and prescription drug costs.

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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**ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

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

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Federal Assistance Listing Number | Pass Through Entity Identifying Number | Total Federal Receipts | Total Federal Expenditures |
|---|--|---|---------------------------------------|---|
| U.S. DEPARTMENT OF EDUCATION | | | | |
| <i>Passed Through Ohio Department of Education and Workforce</i> | | | | |
| Special Education Cluster: | | | | |
| Special Education-Grants to States-2024 (IDEA-B) | 84.027 | N/A | 838,986 | 924,159 |
| Special Education-Grants to States-2023 (IDEA-B) | 84.027 | N/A | 126,090 | 97,737 |
| Early Literacy SSIP-2024 (IDEA) | 84.027 | N/A | 78,235 | 81,808 |
| Early Literacy SSIP-2023 (IDEA) | 84.027 | N/A | 8,457 | 5,816 |
| Total Title VIB | | | 1,051,768 | 1,109,520 |
| IDEA Preschool Restoration -2024 | 84.173 A | N/A | 74,396 | 71,219 |
| IDEA Preschool Restoration -2023 | 84.173 A | N/A | 6,188 | 5,656 |
| Early Literacy SSIP-2024 (ELSR) | 84.173 A | N/A | 20,947 | 25,812 |
| Early Literacy SSIP-2023 (ELSR) | 84.173 A | N/A | 3,989 | 1,747 |
| Total Early Learning | | | 105,520 | 104,434 |
| Total Special Education Cluster | | | 1,157,288 | 1,213,954 |
| Title I: | | | | |
| Title I Priority Schools - 2024 | 84.010 A | N/A | 8,938 | 8,523 |
| Title I Priority Schools - 2023 | 84.010 A | N/A | 735 | 735 |
| Total Title I | | | 9,673 | 9,258 |
| Education Stabilization Fund: | | | | |
| Governor's Emergency Education Relief Fund (GEER I and II): | | | | |
| COVID-19 Governor's Emergency Education Relief Fund - 2023 | 84.425C | N/A | 6,943 | 2,119 |
| | | | 6,943 | 2,119 |
| American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund: | | | | |
| COVID-19 ARP ESSER Family and Community Partner | | | | |
| Liaisons - 2024 | 84.425 U | N/A | 93,476 | 100,968 |
| COVID-19 ARP ESSER Family and Community Partner | | | | |
| Liaisons - 2023 | 84.425 U | N/A | 598 | 0 |
| COVID-19 ARP ESSER Extended Learning and Recovery - 2024 | 84.425 U | N/A | 450,509 | 447,848 |
| COVID-19 ARP ESSER Extended Learning and Recovery - 2023 | 84.425 U | N/A | 67,193 | 56,782 |
| | | | 611,776 | 605,598 |
| Total Educational Stabilization Fund | | | 618,719 | 607,717 |
| Career and Technical Education | 84.048A | N/A | 69,895 | 69,895 |
| State Personal Development Grant | 84.323 A | N/A | 12,500 | 12,500 |
| Total U.S. Department of Education | | | 1,868,075 | 1,913,324 |
| Total Expenditures of Federal Awards | | | 1,868,075 | 1,913,324 |

The accompanying notes are an integral part of this schedule.

ROSS PIKE COUNTY EDUCATIONAL SERVICE DISTRICT

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ross Pike County Educational Service District (the Educational Service District's) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Educational Service District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Educational Service 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 Educational Service District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE J - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The Educational Service District transferred the following amounts from 2024 to 2025 programs:

| <u>Program Title</u> | <u>AL Number</u> | <u>Amt.</u> <u>Transferred</u> |
|----------------------------------|------------------|-----------------------------------|
| State Personal Development Grant | 84.323A | \$ 7,500 |



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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**

Ross-Pike Educational Service District
Ross County
475 Western Avenue Suite E
Chillicothe, Ohio 45601

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ross-Pike Educational Service District, Ross County, Ohio (the Educational Service District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Educational Service District's basic financial statements and have issued our report thereon dated March 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Educational Service 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 Educational Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Educational Service 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 Educational Service District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Educational Service 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 Educational Service District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 13, 2025



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

Ross-Pike Educational Service District
Ross County
475 Western Ave Suite E
Chillicothe, Ohio 45601

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Ross-Pike Educational Service District's, Ross County, (Educational Service 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 Ross-Pike Educational Service District's major federal program for the year ended June 30, 2024. Ross-Pike Educational Service District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

The Educational Service 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 Educational Service 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 Educational Service 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 Educational Service District's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Educational Service 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 Educational Service 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 Educational Service District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Ross-Pike Educational Service District
Ross County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
Page 3

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

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

A handwritten signature in black ink, appearing to read "Keith Faber". The signature is fluid and cursive, with the first name "Keith" and last name "Faber" clearly distinguishable.

Keith Faber
Auditor of State
Columbus, Ohio
March 13, 2025

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**ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS 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)? | No |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): | AL# 84.425U Elementary and Secondary School Emergency Relief Fund AL# 84.425C Governor's Emergency Relief Fund |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR § 200.520? | Yes |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/20/2025

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
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