



OHIO AUDITOR OF STATE
KEITH FABER



**ROCK HILL LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2025**

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ROCK HILL LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2025

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Rock Hill Local School District
Lawrence County
2325A County Road 26
Ironton, Ohio 45638

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rock Hill Local School District, Lawrence County, Ohio as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 22 to the financial statements, during 2025, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

February 24, 2026

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Rock Hill Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year June 30, 2025
Unaudited

The discussion and analysis of the Rock Hill Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- Net position of governmental activities decreased \$4,599,991.
- General revenues accounted for \$22,641,813 in revenue, or 81 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$5,261,545 or 19 percent of total revenues of \$27,903,358.
- The School District had \$32,503,349 in expenses related to governmental activities; only \$5,261,545 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues (primarily taxes and intergovernmental) of \$22,641,813 were not sufficient to cover the remaining expenses.
- Total governmental funds had \$53,510,444 in revenues and other financing sources and \$60,536,316 in expenditures and other financing uses. The total governmental fund balance decreased \$7,025,872.

USING THE BASIC FINANCIAL STATEMENTS

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements 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 School District's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

The analysis of the School District as a whole begins with the statement of net position and the statement of activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

Rock Hill Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year June 30, 2025
Unaudited

These two statements report the School District's net position and changes to that position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets and required educational support services to be provided.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvements and capital improvements capital projects funds.

Governmental Funds All of the School 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 which are 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 be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental 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 financial statements.

Fiduciary Funds The School District accounts for resources held for the benefit of parties outside the government as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The School District uses accrual accounting for its fiduciary fund.

Rock Hill Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year June 30, 2025
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2025 compared to 2024.

Table 1
Net Position

	2025	2024
Assets:		
Current and Other Assets	\$35,343,767	\$45,223,634
Capital Assets, Net	40,948,747	27,066,275
Total Assets	76,292,514	72,289,909
Deferred Outflows of Resources:		
Pensions and OPEB	5,153,209	5,483,029
Total Deferred Outflows of Resources	5,153,209	5,483,029
Liabilities:		
Current and Other Liabilities	4,926,058	7,891,036
Long-Term Liabilities:		
Due Within One Year	1,142,832	141,625
Due in More than One Year:		
Other Amounts	16,379,091	5,519,063
Net Pension Liabilities	19,566,848	21,647,024
Net OPEB Liabilities	1,040,798	1,658,421
Total Liabilities	43,055,627	36,857,169
Deferred Inflows of Resources:		
Property Taxes not Levied to Finance the Current Year	9,084,881	9,106,604
Lease	87,719	99,256
Pensions and OPEB	4,656,226	3,752,493
Total Deferred Inflows of Resources	13,828,826	12,958,353
Net Position:		
Investment in Capital Assets	28,542,402	22,713,372
Restricted	1,055,534	817,292
Unrestricted	(5,036,666)	4,426,752
Total Net Position	\$24,561,270	\$27,957,416

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2025 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Rock Hill Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year June 30, 2025
Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability (Asset)*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans 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 School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB 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 School 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.

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. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position. In accordance with GASB 68 and GASB 75, the School 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.

Total net position of the School District as a whole decreased \$4,599,991. The decrease to current and other assets is primarily due to decreases in cash with the School District at fiscal year-end and intergovernmental receivable. Capital assets, net increased due to current year additions in construction in progress relating to new HVAC projects, which was partially offset by current year deletions and depreciation expenses. Deferred outflows of resources decreased due to changes in pension and OPEB actuarial calculations. Long-term liabilities increased primarily due to increases in debt balances due to debt issued in the current year and sick leave liability, which were offset by a decrease in the pension and OPEB liabilities. Current and other liabilities decreased primarily due to the accrual of contracts payable relating to large capital projects in the prior year. Deferred inflows of resources increased primarily due to pension/OPEB changes in actuarial calculations.

Rock Hill Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year June 30, 2025
Unaudited

Table 2 shows the changes in net position for the fiscal year ended June 30, 2025 and comparisons to fiscal year 2024.

Table 2
Changes in Net Position
Governmental Activities

Revenues	<u>2025</u>	<u>2024</u>
Program Revenues:		
Charges for Services	\$833,174	\$987,820
Operating Grants and Contributions	4,428,371	8,621,852
Total Program Revenues	<u>5,261,545</u>	<u>9,609,672</u>
General Revenues:		
Property Taxes	9,222,047	9,293,531
Grants and Entitlements not Restricted	11,803,015	11,828,303
Investment Earnings	1,429,440	1,494,230
Miscellaneous	187,311	279,817
Total General Revenues	<u>22,641,813</u>	<u>22,895,881</u>
Total Revenues	<u>27,903,358</u>	<u>32,505,553</u>
Program Expenses		
Instruction:		
Regular	12,539,832	12,771,930
Special	4,278,195	4,000,507
Vocational	375,156	248,224
Other	305,332	179,828
Support Services:		
Pupils	872,261	1,091,767
Instructional Staff	371,270	620,022
Board of Education	950,627	707,830
Administration	3,024,920	2,251,679
Fiscal	715,185	735,885
Operation and Maintenance of Plant	4,014,611	3,360,525
Pupil Transportation	2,012,783	1,741,699
Central	208,659	150,933
Operation of Non-Instructional Services	1,099,346	1,152,616
Extracurricular Activities	1,235,241	1,002,364
Interest	499,931	0
Total Expenses	<u>32,503,349</u>	<u>30,015,809</u>
Change in Net Position	(4,599,991)	2,489,744
Net Position at Beginning of Year, As Previously Reported	27,957,416	25,467,672
Adjustment for Implementation of GASB 101	1,203,845	0
Net Position Beginning of Year, As Adjusted	<u>29,161,261</u>	<u>25,467,672</u>
Net Position at End of Year	<u><u>\$24,561,270</u></u>	<u><u>\$27,957,416</u></u>

Rock Hill Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year June 30, 2025
Unaudited

Governmental Activities

Property taxes made up approximately 33 percent of revenues for governmental activities for the Rock Hill Local School District. Of the remaining revenues, the School District receives 58 percent from state foundation, federal, and state grants, and 3 percent from charges for services. Grants and entitlements not restricted and property taxes stayed relatively consistent from the prior year. Charges for services decreased due to a decrease in tuition and fees received in the current year. Operating grants and contributions decreased primarily due to monies received for ESSER grants in the prior year.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increases in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

54 percent of the School District's expenses are used to fund instructional expenses. Support services make up 37 percent of expenses and 9 percent is used for extracurricular activities, non-instructional services and interest. Overall expenses increased due primarily to pension and OPEB activity.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions, offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$12,539,832	\$11,084,659	\$12,771,930	\$9,454,431
Special	4,278,195	2,552,433	4,000,507	2,491,039
Vocational	375,156	370,421	248,224	237,437
Other	305,332	305,332	179,828	173,792
Support Services:				
Pupils	872,261	593,389	1,091,767	582,944
Instructional Staff	371,270	371,270	620,022	598,290
Board of Education	950,627	938,627	707,830	671,734
Administration	3,024,920	2,944,271	2,251,679	2,174,642
Fiscal	715,185	715,185	735,885	710,823
Operation and Maintenance of Plant	4,014,611	3,201,692	3,360,525	286,309
Pupil Transportation	2,012,783	2,012,783	1,741,699	1,676,104
Central	208,659	202,686	150,933	143,215
Operation of Non-Instructional Services	1,099,346	399,022	1,152,616	375,682
Extracurricular Activities	1,235,241	1,050,103	1,002,364	829,695
Interest	499,931	499,931	0	0
Totals	\$32,503,349	\$27,241,804	\$30,015,809	\$20,406,137

THE SCHOOL DISTRICT FUNDS

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$53,510,444 and expenditures and other financing uses of \$60,536,316.

Rock Hill Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year June 30, 2025
Unaudited

The fund balance of the general fund decreased \$16,902,762 primarily due to transfers out for capital improvements. Tuition and fees decreased, and regular instruction significantly increased. The general fund had a year end fund balance of \$5,957,765.

The fund balance of the permanent improvements capital projects fund decreased \$2,196,554 primarily due to expenditures exceeding transfers in and financed purchase proceeds due to capital projects. The permanent improvement fund ended the 2025 fiscal year with a fund balance of \$1,248,847.

The fund balance of the capital improvement capital projects fund increased \$12,000,000 due to a transfer in. The capital improvement fund ended the 2025 fiscal year with a fund balance of \$12,000,000.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2025, the School District did make some amendments to its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue estimate was \$24,653,199, which was \$153,259 higher than the original estimate. Interest is primarily responsible for this increase, though this increase was partially offset by decreases for tuition and fees and miscellaneous revenue. The final budget basis expenditure estimate of \$42,635,737 was \$16,717,936 higher than the original budget estimate with increases in many of the expenditure line items in 2025 and transfers out.

The School District's ending unobligated general fund balance was \$6,404,328.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the School District had \$40,948,747 invested in land, constructions in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 4 shows fiscal year 2025 balances compared to 2024.

Table 4
Capital Assets at June 30
(Net of Depreciation)
Governmental Activities

	2025	2024
Land	\$830,657	\$830,657
Construction in Progress	11,061,839	4,240,694
Land Improvements	7,035,259	3,548,686
Buildings and Improvements	20,408,883	16,913,184
Furniture, Fixtures, and Equipment	597,918	661,383
Vehicles	1,014,191	871,671
Totals	<u>\$40,948,747</u>	<u>\$27,066,275</u>

For additional information on capital assets, see Note 9 to the basic financial statements.

Rock Hill Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year June 30, 2025
Unaudited

Debt

At June 30, 2025, the School District had financed purchase with a balance of \$11,550,069, \$348,841 due in one year.

For information on other long-term obligations, see Note 15 to the basic financial statements.

CURRENT ISSUES

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely on local property taxes in which it does not foresee any sustainable growth in revenue after fiscal year 2025. Thus, management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the School District is largely dependent on State funding sources. State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The School District has seen decreases in student enrollment, and while State revenue growth has shifted toward school districts with low property tax wealth, the decreasing student enrollment has served to somewhat offset increases in Federal and State funding.

Although higher per-pupil funding has helped the School District lessen the impact of increased instructional expenses, much of the positive impact has been offset by other negative financial factors that occurred in the past year (higher employee costs).

As the preceding information shows, the School District continues to depend on state and federal funding, and its taxpayers. Although Rock Hill Local School District has attempted to keep spending in line with revenues, and carefully watched financial planning, it must keep its revenue to expense ratios improving if the School District hopes to remain on firm financial footing.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional information, contact Chris Robinson, Treasurer at Rock Hill Local School District, 2325A County Road 26, Ironton, Ohio 45638.

Rock Hill Local School District
Statement of Net Position
As of June 30, 2025

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$23,338,695
Cash and Cash Equivalents in Segregated Accounts	502
Intergovernmental Receivable	373,748
Prepaid Items	6,333
Property Taxes Receivable	9,724,782
Lease Receivable	87,719
Restricted Cash and Cash Equivalents	388,723
Net OPEB Asset	1,423,265
Nondepreciable Capital Assets	11,892,496
Depreciable Capital Assets, Net	29,056,251
<i>Total Assets</i>	76,292,514
Deferred Outflows of Resources:	
Pension	4,280,245
OPEB	872,964
<i>Total Deferred Outflows of Resources</i>	5,153,209
Liabilities:	
Accounts Payable	571,894
Accrued Wages and Benefits Payables	2,449,366
Contracts Payable	467,553
Intergovernmental Payable	566,959
Accrued Interest Payable	44,752
Matured Compensated Absences Payable	436,811
Retainage Payable	388,723
Long-Term Liabilities:	
Due Within One Year	1,142,832
Due in More Than One Year	16,379,091
Net Pension Liability	19,566,848
Net OPEB Liability	1,040,798
<i>Total Liabilities</i>	43,055,627
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	9,084,881
Lease	87,719
Pension	2,156,274
OPEB	2,499,952
<i>Total Deferred Inflows of Resources</i>	13,828,826
Net Position:	
Net Investment in Capital Assets	28,542,402
Restricted for Other Purposes	196,749
Restricted for Net OPEB Asset	803,680
Restricted for Unclaimed Monies	55,105
Unrestricted	(5,036,666)
<i>Total Net Position</i>	\$24,561,270

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

Rock Hill Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				
Instruction:				
Regular	\$12,539,832	\$611,823	\$843,350	(\$11,084,659)
Special	4,278,195	0	1,725,762	(2,552,433)
Vocational	375,156	0	4,735	(370,421)
Other	305,332	0	0	(305,332)
Support Services:				
Pupils	872,261	0	278,872	(593,389)
Instructional Staff	371,270	0	0	(371,270)
Board of Education	950,627	12,000	0	(938,627)
Administration	3,024,920	0	80,649	(2,944,271)
Fiscal	715,185	0	0	(715,185)
Operation and Maintenance of Plant	4,014,611	11,537	801,382	(3,201,692)
Pupil Transportation	2,012,783	0	0	(2,012,783)
Central	208,659	0	5,973	(202,686)
Operation of Non-Instructional Services	1,099,346	12,676	687,648	(399,022)
Extracurricular Activities	1,235,241	185,138	0	(1,050,103)
Interest	499,931	0	0	(499,931)
<i>Total Governmental Activities</i>	<u>\$32,503,349</u>	<u>\$833,174</u>	<u>\$4,428,371</u>	(27,241,804)
General Revenues:				
Property Taxes Levied for:				
General Purposes				9,222,047
Grants and Entitlements not Restricted for Specific Programs				11,803,015
Investment Earnings				1,429,440
Miscellaneous				<u>187,311</u>
<i>Total General Revenues</i>				<u>22,641,813</u>
<i>Change in Net Position</i>				(4,599,991)
<i>Net Position Beginning of Year, As Previously Reported</i>				27,957,416
<i>Adjustment for Implementation of GASB 101</i>				<u>1,203,845</u>
<i>Net Position Beginning of Year, As Adjusted</i>				<u>29,161,261</u>
<i>Net Position End of Year</i>				<u><u>\$24,561,270</u></u>

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

Rock Hill Local School District
Balance Sheet
Governmental Funds
As of June 30, 2025

	General Fund	Permanent Improvement Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$9,129,135	\$1,820,800	\$12,000,000	\$333,655	\$23,283,590
Cash and Cash Equivalents in Segregated Accounts	0	0	0	502	502
Interfund Receivable	139,979	0	0	0	139,979
Intergovernmental Receivable	35	0	0	373,713	373,748
Prepaid Items	6,333	0	0	0	6,333
Property Taxes Receivable	9,724,782	0	0	0	9,724,782
Lease Receivable	87,719	0	0	0	87,719
Restricted Cash and Cash Equivalents	55,105	388,723	0	0	443,828
<i>Total Assets</i>	<u>\$19,143,088</u>	<u>\$2,209,523</u>	<u>\$12,000,000</u>	<u>\$707,870</u>	<u>\$34,060,481</u>
Liabilities:					
Accounts Payable	\$426,627	\$104,400	\$0	\$40,867	\$571,894
Accrued Wages and Benefits Payable	2,182,185	0	0	267,181	2,449,366
Contracts Payable	0	467,553	0	0	467,553
Interfund Payable	0	0	0	139,979	139,979
Intergovernmental Payable	532,620	0	0	34,339	566,959
Matured Compensated Absences Payable	436,811	0	0	0	436,811
Retainage Payable	0	388,723	0	0	388,723
<i>Total Liabilities</i>	<u>3,578,243</u>	<u>960,676</u>	<u>0</u>	<u>482,366</u>	<u>5,021,285</u>
Deferred Inflows of Resources:					
Property Taxes not Levied to Finance Current Year Operations	9,084,881	0	0	0	9,084,881
Lease	87,719	0	0	0	87,719
Unavailable Revenue	434,480	0	0	267,421	701,901
<i>Deferred Inflows of Resources</i>	<u>9,607,080</u>	<u>0</u>	<u>0</u>	<u>267,421</u>	<u>9,874,501</u>
Fund Balances:					
Nonspendable	61,438	0	0	0	61,438
Restricted	0	0	0	217,138	217,138
Committed	1,363,189	0	12,000,000	0	13,363,189
Assigned	1,199,090	1,248,847	0	0	2,447,937
Unassigned (Deficit)	3,334,048	0	0	(259,055)	3,074,993
<i>Total Fund Balances</i>	<u>5,957,765</u>	<u>1,248,847</u>	<u>12,000,000</u>	<u>(41,917)</u>	<u>19,164,695</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$19,143,088</u>	<u>\$2,209,523</u>	<u>\$12,000,000</u>	<u>\$707,870</u>	<u>\$34,060,481</u>

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

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

Total Governmental Fund Balances	\$19,164,695
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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.	40,948,747
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Intergovernmental	267,421	
Taxes	434,480	
Total		701,901

In the statement of activities, interest is accrued on outstanding financed purchase agreements, whereas in governmental funds, an interest expenditure is reported when due.	(44,752)
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The net pension and OPEB liabilities (assets) are not due and payable (receivable) in the current period. Therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	4,280,245	
Deferred Outflows-OPEB	872,964	
Deferred Inflows-Pension	(2,156,274)	
Deferred Inflows-OPEB	(2,499,952)	
Net Pension Liability	(19,566,848)	
Net OPEB Asset	1,423,265	
Net OPEB Liability	(1,040,798)	
Total		(18,687,398)

Long-term liabilities, including financed purchase agreements and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.

Financed Purchase Agreements	(11,550,069)	
Compensated Absences	(5,971,854)	
Total		(17,521,923)

Net Position of Governmental Activities	\$24,561,270
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The notes to the basic financial statements are an integral part of this statement

Rock Hill Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General Fund	(formerly major) Elementary and Secondary School Emergency Relief Fund	Permanent Improvement Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$9,128,249	\$0	\$0	\$0	\$0	\$9,128,249
Intergovernmental	12,956,375	0	0	0	3,330,895	16,287,270
Interest	1,429,440	0	0	0	0	1,429,440
Tuition and Fees	581,977	0	0	0	0	581,977
Extracurricular Activities	29,846	0	0	0	197,138	226,984
Customer Sales and Services	0	0	0	0	12,676	12,676
Lease Revenue	11,537	0	0	0	0	11,537
Miscellaneous	187,311	0	0	0	0	187,311
<i>Total Revenues</i>	<i>24,324,735</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,540,709</i>	<i>27,865,444</i>
Expenditures:						
Current:						
Instruction:						
Regular	10,753,519	0	0	0	887,766	11,641,285
Special	3,643,769	0	0	0	832,530	4,476,299
Vocational	222,176	0	0	0	0	222,176
Other	305,332	0	0	0	0	305,332
Support Services:						
Pupils	889,792	0	0	0	53,709	943,501
Instructional Staff	447,666	0	0	0	0	447,666
Board of Education	938,721	0	0	0	12,000	950,721
Administration	2,256,638	0	0	0	79,526	2,336,164
Fiscal	741,290	0	0	0	0	741,290
Operation and Maintenance of Plant	3,576,711	0	79,876	0	18,494	3,675,081
Pupil Transportation	1,686,040	0	0	0	0	1,686,040
Central	208,659	0	0	0	0	208,659
Operation of Non-Instructional Services	0	0	0	0	1,069,349	1,069,349
Extracurricular Activities	611,650	0	0	0	357,509	969,159
Capital Outlay	395,424	0	15,116,678	0	801,382	16,313,484
Debt Service:						
Principal	449,931	0	0	0	0	449,931
Interest	455,179	0	0	0	0	455,179
<i>Total Expenditures</i>	<i>27,582,497</i>	<i>0</i>	<i>15,196,554</i>	<i>0</i>	<i>4,112,265</i>	<i>46,891,316</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(3,257,762)</i>	<i>0</i>	<i>(15,196,554)</i>	<i>0</i>	<i>(571,556)</i>	<i>(19,025,872)</i>
Other Financing Sources (Uses):						
Transfers In	0	0	1,000,000	12,000,000	645,000	13,645,000
Inception of Financed Purchase	0	0	12,000,000	0	0	12,000,000
Transfers Out	(13,645,000)	0	0	0	0	(13,645,000)
<i>Total Other Financing Sources (Uses)</i>	<i>(13,645,000)</i>	<i>0</i>	<i>13,000,000</i>	<i>12,000,000</i>	<i>645,000</i>	<i>12,000,000</i>
<i>Net Change in Fund Balances</i>	<i>(16,902,762)</i>	<i>0</i>	<i>(2,196,554)</i>	<i>12,000,000</i>	<i>73,444</i>	<i>(7,025,872)</i>
<i>Fund Balances (Deficit) at Beginning of Year, As Previously Reported</i>	<i>22,860,527</i>	<i>(78,607)</i>	<i>3,445,401</i>	<i>0</i>	<i>(36,754)</i>	<i>26,190,567</i>
<i>Adjustment for Change in Major Funds</i>	<i>0</i>	<i>78,607</i>	<i>0</i>	<i>0</i>	<i>(78,607)</i>	<i>0</i>
<i>Fund Balances (Deficit) at Beginning of Year, As Adjusted</i>	<i>22,860,527</i>	<i>0</i>	<i>3,445,401</i>	<i>0</i>	<i>(115,361)</i>	<i>26,190,567</i>
<i>Fund Balances (Deficit) at End of Year</i>	<i>\$5,957,765</i>	<i>\$0</i>	<i>\$1,248,847</i>	<i>\$12,000,000</i>	<i>(\$41,917)</i>	<i>\$19,164,695</i>

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

Rock Hill Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds	(\$7,025,872)
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Amounts reported for governmental activities in the statement of activities are different

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 of capital asset additions and depreciation in the current period.

Capital Asset Additions	16,313,484	
Current Year Depreciation	(2,356,777)	
Total		13,956,707

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(74,235)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental	(55,884)	
Taxes	93,798	
Total		37,914

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

Pension	2,319,445	
OPEB	77,499	
Total		2,396,944

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

Pension	(1,371,334)	
OPEB	400,175	
Total		(971,159)

Inception of a financed purchase agreement is an other financing sources in the governmental funds but the issuance increases the long-term liabilities on the statement of net position.	(12,000,000)
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Accrued interest payable on the financed purchase agreement is not reported in the funds, but is allocated as expenses over the life of the debt in the statement of activities.	(44,752)
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Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position. In the current fiscal year, these amounts

Financed Purchase Payments	449,931	
Total		449,931

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

Increase in Compensated Absences	(1,325,469)	
Total		(1,325,469)

Net Change in Net Position of Governmental Activities	(\$4,599,991)
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The notes to the basic financial statements are an integral part of this statement

Rock Hill Local School District
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$9,290,301	\$9,106,526	\$9,106,526	\$0
Intergovernmental	13,036,218	12,986,043	12,986,043	0
Interest	653,284	1,424,477	1,424,477	0
Tuition and Fees	1,006,821	581,729	581,729	0
Miscellaneous	470,341	232,811	232,811	0
<i>Total Revenues</i>	<i>24,456,965</i>	<i>24,331,586</i>	<i>24,331,586</i>	<i>0</i>
Expenditures:				
Current:				
Instruction:				
Regular	8,812,917	10,609,257	10,609,257	0
Special	3,626,544	3,549,455	3,549,455	0
Vocational	215,797	221,381	221,381	0
Other	185,367	182,676	182,676	0
Support Services:				
Pupils	958,167	961,381	961,381	0
Instructional Staff	666,262	567,988	567,988	0
Board of Education	1,053,866	945,802	945,802	0
Administration	1,844,503	2,131,528	2,131,528	0
Fiscal	776,154	747,273	747,273	0
Operation and Maintenance of Plant	3,648,690	3,794,651	3,794,651	0
Pupil Transportation	1,713,981	1,760,631	1,760,631	0
Central	61,551	66,165	66,165	0
Extracurricular Activities	767,581	677,036	677,036	0
Capital Outlay	221	395,424	395,424	0
Debt Service:				
Principal	0	449,931	449,931	0
Interest	0	455,179	455,179	0
<i>Total Expenditures</i>	<i>24,331,601</i>	<i>27,515,758</i>	<i>27,515,758</i>	<i>0</i>
<i>Excess of Revenues Over Expenditures</i>	<i>125,364</i>	<i>(3,184,172)</i>	<i>(3,184,172)</i>	<i>0</i>
Other Financing Sources (Uses):				
Advances In	42,975	321,613	321,613	0
Transfers Out	(1,586,200)	(14,980,000)	(14,980,000)	0
Advances Out	0	(139,979)	(139,979)	0
<i>Total Other Financing Sources (Uses)</i>	<i>(1,543,225)</i>	<i>(14,798,366)</i>	<i>(14,798,366)</i>	<i>0</i>
<i>Net Change in Fund Balance</i>	<i>(1,417,861)</i>	<i>(17,982,538)</i>	<i>(17,982,538)</i>	<i>0</i>
<i>Fund Balance at Beginning of Year</i>	<i>23,422,925</i>	<i>23,422,925</i>	<i>23,422,925</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>963,941</i>	<i>963,941</i>	<i>963,941</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$22,969,005</i>	<i>\$6,404,328</i>	<i>\$6,404,328</i>	<i>\$0</i>

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

Rock Hill Local School District
Statement of Fiduciary Net Position
Fiduciary Fund
As of June 30, 2025

	<u>Custodial</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$52,345</u>
<i>Total Assets</i>	52,345
Net Position:	
Restricted for Individuals, Organizations and Other Governments	<u>52,345</u>
<i>Total Net Position</i>	<u><u>\$52,345</u></u>

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

Rock Hill Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

	<u>Custodial</u>
Additions:	
Amounts Received as Fiscal Agent	<u>\$105</u>
<i>Total Additions</i>	<u>105</u>
<i>Net Change in Net Position</i>	105
<i>Net Position Beginning of Year</i>	<u>52,240</u>
<i>Net Position End of Year</i>	<u><u>\$52,345</u></u>

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

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Rock Hill Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's four instructional/support facilities staffed by 93 classified employees and 138 certified teaching and administrative personnel who provide services to 1,280 students and other community members.

Reporting Entity

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

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

The School District participates in the Metropolitan Educational Technology Association (META) and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations; the Ohio SchoolComp Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool; and the Lawrence County Schools Council of Governments Health Benefits Program, and the Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program, which are defined as insurance purchasing pools. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School 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 School District's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary fund. The statements usually distinguish between those activities that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-

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

type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

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

Fund Accounting

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

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

General Fund The General Fund accounts for and reports all financial resources except those accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended and transferred according to the general laws of Ohio.

Permanent Improvement Capital Projects Fund The Permanent Improvement Capital Projects Fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705 of the Ohio Revised Code.

Capital Improvement Capital Project Fund The Capital Improvement Capital Projects Fund accounts for all transactions for an energy conservation project.

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District had two fiduciary funds which were custodial: The Ohio High School Athletic Association (OHSAA) Fund and the Employee Flex Plan Fund.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, all liabilities and certain deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities accounts for increases (revenues) and decreases (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 certain deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (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 fund financial statements for governmental funds.

Like the government-wide statements, all fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust funds, private purpose trust funds, and custodial funds.

Basis of Accounting

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows and Deferred Inflows of Resources In addition to assets, the statement of net position and balance sheet sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of

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

resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB and are further explained in notes 12 and 13.

In addition to liabilities, the statement of net position and balance sheet sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position/fund balance that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources included property taxes, leases, pension and OPEB, and unavailable revenue. Property taxes for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources on the statement of net position and governmental funds balance sheet. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet and represents grants and entitlements not received within the available period and delinquent property taxes due at June 30, 2025. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and are further explained in notes 12 and 13.

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

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

Cash and Cash Equivalents

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

During fiscal year 2025, the School District's investments was limited to funds invested in the State Treasury Assets Reserve of Ohio (STAROhio). STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is credited to the General Fund. Interest revenue credited to the General Fund during fiscal year 2025 amounted to \$1,429,440.

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

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Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions. The School District had reported restricted assets as of June 30, 2025 due to amounts held for retainage due to contractors and unclaimed monies.

Capital Assets

All of the School District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful life of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	5-8 years

Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used aren't eliminated.

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

Compensated Absences

The School District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave.

A liability for compensated absences is recorded as incurred in the government-wide statement of net position using the first-in, first-out flow assumption, where the oldest accumulated leave is the leave used first. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary related benefits, where applicable.

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Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is more likely than not that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits considered more likely than not to be used or settled at termination are recognized as a liability in the financial statements. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the School District's termination policy.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee who has accumulated unpaid leave is paid.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Financed purchases that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

Fund Balance

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

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

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

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

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

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

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report deficit balances.

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

Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

Estimates

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

Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position includes various grants and other resources restricted for various purposes. Restricted net position for net OPEB assets represents the corresponding restricted amounts held in trust by the OPEB plans for future benefits, net of related deferred outflows and inflows of resources. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the School District's restricted net position, none are restricted by enabling legislation.

Budgetary Process

All funds, other than the custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate appropriations to the function and object levels.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

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

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

Pensions and Other Post-Employment Benefits

For purposes of measuring the net pension liability, net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense (gain), information about the fiduciary net position of the pension 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.

NOTE 3 – FUND BALANCES

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

Fund Balances	General Fund	Permanent Improvement Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable:					
Prepaid Items	\$6,333	\$0	\$0	\$0	\$6,333
Unclaimed Monies	55,105	0	0	0	55,105
<i>Total Nonspendable</i>	61,438	0	0	0	61,438
Restricted for:					
Classroom Facilities Maintenance	0	0	0	35,561	35,561
Student Activities	0		0	52,939	52,939
District Managed Activities	0	0	0	74,684	74,684
Other Purposes	0	0	0	53,954	53,954
<i>Total Restricted</i>	0	0	0	217,138	217,138
Committed:					
Termination Benefits	1,363,189	0	0	0	1,363,189
Capital Improvements	0	0	12,000,000	0	12,000,000
	1,363,189	0	12,000,000	0	13,363,189
Assigned to:					
Capital Improvements	0	1,248,847	0	0	1,248,847
Other Purposes	1,199,090	0	0	0	1,199,090
<i>Total Assigned</i>	1,199,090	1,248,847	0	0	2,447,937
Unassigned (Deficit)	3,334,048	0	0	(259,055)	3,074,993
<i>Total Fund Balances</i>	\$5,957,765	\$1,248,847	\$12,000,000	(\$41,917)	\$19,164,695

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

NOTE 4 – ACCOUNTABILITY

At June 30, 2025, the Public Preschool, Title VI-B, Title I, Title IV-A, and IDEA Preschool Handicapped special revenue funds had deficit fund balances of \$83,195, \$52,312, \$99,696, \$21,691, and \$2,161 respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) for the General Fund presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than committed or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$16,902,762)
Revenue Accruals	359,558
Expenditure Accruals	365,479
Encumbrances	(774,445)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	<u>(1,030,368)</u>
Budget Basis	<u><u>(\$17,982,538)</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

Deposits Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

One of the School District's financial institution was enrolled in the Ohio Pooled Collateral System (OPCS) during fiscal year 2025. The other accounts held at the other financial institutions were covered thru FDIC coverage.

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

Investments At fiscal year end, the School District had the following investments and maturities:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>
<i>Net Asset Value (NAV) Per Share:</i>		
STAROhio	\$14,363,140	<1 Year

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2025. The School District invested solely in STAROhio, which was valued at Net Asset Value, as discussed in Note 2.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Although the School District does not have an investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in STAR Ohio were rated AAAm by Standard & Poor's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does have an investment policy which allows investments as outlined in the sections of Chapter 135 of the Ohio Revised Code, at a price not exceeding their fair market value. The School District has invested 100 percent in STAROhio.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected in 2025 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on

Rock Hill Local School District, Ohio
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the date the tax bills are sent.

Accrued property taxes receivable includes real and public utility taxes which are measurable as of June 30, 2025, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

The amount available as an advance at June 30, 2025, was \$205,421 in the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is recorded as deferred inflows of resources.

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

	2024 Second-Half Collections		2025 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$151,989,500	34.22%	\$154,784,280	35.06%
Public Utility	292,169,880	65.78%	286,686,000	64.94%
Total Assessed Value	<u>\$444,159,380</u>	<u>100.00%</u>	<u>\$441,470,280</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$22.50		\$22.50	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2025, consisted of property taxes, leases, interfund, and intergovernmental receivables arising from grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except delinquent property taxes, are expected to be collected in one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Major Funds:	
General Fund	\$35
Nonmajor Special Revenue Funds:	
Public Preschool	83,148
Title VI - B	55,798
Title I	102,935
Title IV-A	91,402
IDEA Preschool Handicapped	3,851
Improving Teacher Quality	36,579
Total Nonmajor Special Revenue Funds	<u>373,713</u>
Total Governmental Activities	<u>\$373,748</u>

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

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

	Balance at 6/30/24	Additions	Deductions	Balance at 6/30/25
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$830,657	\$0	\$0	\$830,657
Construction in Progress	4,240,694	15,565,083	(8,743,938)	11,061,839
Total Capital Assets not being Depreciated	5,071,351	15,565,083	(8,743,938)	11,892,496
Depreciable Capital Assets:				
Land Improvements	15,829,055	4,085,503	(2,141,670)	17,772,888
Buildings and Improvements	47,226,388	5,027,176	(919,221)	51,334,343
Furniture, Fixtures, and Equipment	2,353,294	27,846	0	2,381,140
Vehicles	2,149,575	351,814	0	2,501,389
Total Depreciable Capital Assets	67,558,312	9,492,339	(3,060,891)	73,989,760
Less Accumulated Depreciation:				
Land Improvements	(12,280,369)	(532,243)	2,074,983	(10,737,629)
Buildings and Improvements	(30,313,204)	(1,523,929)	911,673	(30,925,460)
Furniture, Fixtures, and Equipment	(1,691,911)	(91,311)	0	(1,783,222)
Vehicles	(1,277,904)	(209,294)	0	(1,487,198)
Total Accumulated Depreciation	(45,563,388)	(2,356,777)	2,986,656	(44,933,509)
Total Capital Assets being Depreciated, Net	21,994,924	7,135,562	(74,235)	29,056,251
Capital Assets, Net	<u>\$27,066,275</u>	<u>\$22,700,645</u>	<u>(\$8,818,173)</u>	<u>\$40,948,747</u>

\$20,098,395 of fully depreciated assets still in use by the School District are included in table above.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,350,610
Special	1,787
Support Services:	
Board of Education	637
Administration	3,360
Operation and Maintenance of Plant	425,507
Pupil Transportation	208,577
Operation of Non-Instructional Services	58,997
Extracurricular Activities	307,302
Total Depreciation Expense	<u>\$2,356,777</u>

NOTE 10 – INTERFUND ACTIVITY

Transfers

For the fiscal year ended June 30, 2025, transfers in and out that resulted from various interfund transactions were as follows:

Rock Hill Local School District, Ohio
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	Transfer To	Transfer From
General Fund	\$0	\$13,645,000
Permanent Improvement Fund	1,000,000	0
Capital Improvement Fund	12,000,000	
Other Governmental Funds:		
Food Service	450,000	0
Athletics	195,000	0
Total Other Governmental Funds	<u>645,000</u>	<u>0</u>
Total All Funds	<u>\$13,645,000</u>	<u>\$13,645,000</u>

The General Fund transferred monies to the Permanent Improvement, Food Service, Capital Improvement, and Athletics funds to subsidize these funds.

Interfund Balances

Interfund balances at June 30, 2025 arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Funds.

	Interfund Receivables	Interfund Payables
General Fund	\$139,979	\$0
Other Governmental Funds:		
Public Preschool	0	33,687
Title IV-A	0	69,713
Improving Teacher Quality	<u>0</u>	<u>36,579</u>
Total Other Governmental Funds	<u>0</u>	<u>139,979</u>
Total All Funds	<u>\$139,979</u>	<u>\$139,979</u>

NOTE 11 – RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2025, the School District contracted with Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program for general liability, property, and fleet insurance for the following coverage:

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Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$5,000	\$350,000,000
General Liability:		
Each Occurrence	0	1,000,000
Aggregate Limit	0	3,000,000
Employers' Liability:		
Each Occurrence	15,000	1,000,000
Aggregate Limit	15,000	1,000,000
Automobile:		
Combined Single Limit	0	1,000,000
Underinsured Motorist	0	1,000,000
Excess Liability:		
Each Occurrence	0	4,000,000
Aggregate Limit	0	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The School District reviewed its various coverages and modified thresholds where deemed appropriate.

Workers' Compensation

For fiscal year 2025, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sedwick provides administrative, cost control, and actuarial services to the GRP.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension/OPEB Liability (Asset)

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

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

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the

Rock Hill Local School District, Ohio
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School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory

Rock Hill Local School District, Ohio
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maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$745,297 for fiscal year 2025. Of this amount, \$198,833 is reported as an intergovernmental payable in the accompanying financial statements.

State Teachers Retirement System (STRS)

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

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

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

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and

Rock Hill Local School District, Ohio
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contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

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

The School District's contractually required contribution to STRS was \$1,574,148 for fiscal year 2025. Of this amount, \$258,888 is reported as an intergovernmental payable in the accompanying financial statements.

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

The net pension liability (asset) 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.10026120%	0.075034700%	
Proportion of the Net Pension Liability			
Prior Measurement Date	<u>0.09884540%</u>	<u>0.075158360%</u>	
Change in Proportionate Share	<u>0.00141580%</u>	<u>-0.000123660%</u>	
Proportionate Share of the Net			
Pension Liability	\$5,128,959	\$14,437,889	\$19,566,848
Pension Expense	\$478,294	\$893,040	\$1,371,334

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At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$195,820	\$909,209	\$1,105,029
Changes of assumptions	45,884	665,376	711,260
Changes in proportion and differences between School District contributions and proportionate share of contributions	95,265	49,246	144,511
School District contributions subsequent to the measurement date	745,297	1,574,148	2,319,445
Total Deferred Outflows of Resources	<u>\$1,082,266</u>	<u>\$3,197,979</u>	<u>\$4,280,245</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$7,906	\$7,906
Changes of assumptions	0	500,839	500,839
Net difference between projected and actual earnings on pension plan investments	320,814	1,241,365	1,562,179
Changes in proportion and differences between School District contributions and proportionate share of contributions	0	85,350	85,350
Total Deferred Inflows of Resources	<u>\$320,814</u>	<u>\$1,835,460</u>	<u>\$2,156,274</u>

\$2,319,445 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (gain) as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$198,827)	\$861,670	\$662,843
2027	353,942	(382,195)	(28,253)
2028	(44,622)	(382,194)	(426,816)
2029	(94,338)	(308,910)	(403,248)
Total	<u>\$16,155</u>	<u>(\$211,629)</u>	<u>(\$195,474)</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the

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historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

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

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$7,846,596	\$5,128,959	\$2,840,854

Actuarial Assumptions – STRS

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

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

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

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$23,290,845	\$14,437,889	\$6,949,809

Note 13 – Defined Benefit OPEB Plans

See note 12 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$77,499.

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The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$77,499 for fiscal year 2025, which was recorded as an intergovernmental payable in the accompanying financial statements.

State Teachers Retirement System (STRS)

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

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.10218980%	0.07503470%	
Prior Measurement Date	<u>0.10066620%</u>	<u>0.07515836%</u>	
Change in Proportionate Share	<u>0.00152360%</u>	<u>-0.00012366%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,040,798	\$0	\$1,040,798
Net OPEB (Asset)	\$0	(\$1,423,265)	(\$1,423,265)
Net OPEB Gain	(\$93,835)	(\$306,340)	(\$400,175)

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At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$0	\$61,871	\$61,871
Changes of assumptions	446,710	175,185	621,895
Net difference between projected and actual earnings on pension plan investments	5,083	0	5,083
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	104,896	1,720	106,616
School District contributions subsequent to the measurement date	77,499	0	77,499
Total Deferred Outflows of Resources	<u>\$634,188</u>	<u>\$238,776</u>	<u>\$872,964</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$1,122,251	\$153,379	\$1,275,630
Changes of assumptions	478,104	641,875	1,119,979
Net difference between projected and actual earnings on OPEB plan investments	0	61,110	61,110
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	41,236	1,997	43,233
Total Deferred Inflows of Resources	<u>\$1,641,591</u>	<u>\$858,361</u>	<u>\$2,499,952</u>

\$77,499 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (gain) as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$259,660)	(\$217,405)	(\$477,065)
2027	(181,165)	(95,630)	(276,795)
2028	(150,245)	(122,855)	(273,100)
2029	(138,472)	(114,336)	(252,808)
2030	(136,942)	(92,623)	(229,565)
Thereafter	(218,418)	23,264	(195,154)
Total	<u>(\$1,084,902)</u>	<u>(\$619,585)</u>	<u>(\$1,704,487)</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

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determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

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

Rock Hill Local School District, Ohio
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The most recent experience study was completed for the five-year period ended June 30, 2020.

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

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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

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

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

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	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$1,387,868	\$1,040,798	\$765,005
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$703,541	\$1,040,798	\$1,484,096

Actuarial Assumptions – STRS

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

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

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

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

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

Rock Hill Local School District, Ohio
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For the Fiscal Year Ended June 30, 2025

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%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	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 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the 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, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,157,208)	(\$1,423,265)	(\$1,654,792)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,670,431)	(\$1,423,265)	(\$1,126,015)

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NOTE 14 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per fiscal year, depending upon length of service, and can accumulate up to a maximum of three years accrual. 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. Certified employees can accumulate sick leave to a maximum of 380 days, classified employees can accumulate sick leave to a maximum of 350 days. Upon retirement, for certified employees, payment is made for seventy five percent of accrued, but unused sick leave to a maximum of 180 days. For classified employees, payment is made for thirty five percent of accrued but unused sick leave if one has earned 150 days or less. However, if one has earned more than 150 days, then pay out is one hundred percent of their balance up to a maximum of 250 days.

NOTE 15 - LONG-TERM OBLIGATIONS

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

	Adjusted Principal Outstanding 6/30/24	Additions	Deductions	Principal Outstanding 6/30/25	Amount Due in One Year
Governmental Activities:					
Net Pension Liability:					
STRS	\$16,185,306	\$0	\$1,747,417	\$14,437,889	\$0
SERS	5,461,718	0	332,759	5,128,959	0
Total Net Pension Liability	21,647,024	0	2,080,176	19,566,848	0
Net OPEB Liability:					
SERS	1,658,421	0	617,623	1,040,798	0
Direct Placements:					
Financed Purchases	0	12,000,000	449,931	11,550,069	348,841
Compensated Absences	4,646,385	1,325,469	0	5,971,854	793,991
Total Governmental Activities	\$27,951,830	\$13,325,469	\$3,147,730	\$38,129,569	\$1,142,832

The change in compensated absences reported above is a net change.

The sick leave benefits payable will be paid from the fund from which the employees' salaries are paid, which includes the General Fund, and the Food Service, Public School Preschool, Title VI-B, Title I, and the Improving Teacher Quality Special Revenue Funds. The School District pays obligations related to employee compensation from the fund benefitting from their service.

There are no repayment schedules for the net pension and OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund and the Food Service, Public School Preschool, Title I, IDEA-B, and Title II-A Special Revenue Funds. For additional information related to net pension and net OPEB liabilities (assets), see Notes 12 and 13.

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Financed Purchases

On August 15, 2024, the School District issued \$12,000,000 in certificates of participation (COPs), for the purpose of improving and reducing energy consumption in each of the School District's instructional facilities. The COPs were issued through a series of agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax-exempt obligations" within the meaning of 26 U.S.C. 265 (b)(3) of the Internal Revenue Service Code.

In accordance with the terms, the project assets are leased to All Points Capital One Public Funding, LLC, and then subleased back to the School District. The COP contains provisions that in an event of default, (1) the School District will promptly return possession of the personal property or allow the lessor to remove any or all of the property, at the fiscal agent's option; or (2) the lessor can sublease the project for the account of the lessee; or (3) the total remaining lease payments will be paid immediately.

The COPs were issued through a series of annual finance purchases with an initial term of twenty years which includes the right renew for twenty successive one-year terms through December 1, 2044, subject to annual appropriations. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the finance purchase terms and appropriations, semi-annually. The base rent includes an interest component of 4.89 percent. The School District has the option to purchase the Project Facilities upon at least 30 days' notice on or after December 1, 2034, and on each December 1 thereafter and terminate the agreement by paying to the Lessor (1) the outstanding principal component payments due in full at a redemption price equal to 100% of the outstanding principal amount, plus (2) any accrued and unpaid interest component of rent to the date of prepayment, as set forth in the agreement, plus (3) any Additional Rent due and payable to the Lessor under the agreement.

These agreements meet the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Financed purchase payments are reflected as debt service expenditures in the fund financial statements. Principal payments made during the fiscal year totaled \$449,931 from the General Fund.

Annual base rent requirements to retire the certificates of participation at June 30, 2025, are as follows:

Ending June 30,	Principal	Interest	Payment
2026	\$348,841	\$556,269	\$905,110
2027	366,327	538,783	905,110
2028	384,689	520,421	905,110
2029	403,972	501,138	905,110
2030	424,221	480,889	905,110
2031-2035	2,462,204	2,063,346	4,525,550
2036-2040	3,144,346	1,381,204	4,525,550
2041-2045	4,015,469	510,079	4,525,548
Total	<u>\$11,550,069</u>	<u>\$6,552,129</u>	<u>\$18,102,198</u>

The School District's overall legal debt margin was \$39,734,275, with an unvoted debt margin of \$441,470 at June 30, 2025.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association

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

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The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META \$81,108 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 83 school districts and other educational institutions in the 42-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 42 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District paid no monies to the Coalition for services provided during the year. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 17 – INSURANCE PURCHASING/SHARED RISK POOLS

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Lawrence County Schools Council of Governments Health Benefits Program

The School District participates in the Lawrence County Schools Council of Governments Health Benefits Program (Council), a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a Board of Directors, which consists of the superintendent from each participating school district. The council elects officers for one-year terms to serve on the Board of Directors. The Board of Directors exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the Council.

Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program

The School District participates in the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Program (LFP). The LFP's business and affairs are conducted by a six-member committee consisting of various LFP representatives that are elected by the general assembly. The purpose of the Property, Fleet, and Liability Program of the SOEPC is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participants.

NOTE 18 - CONTINGENCIES

Grants

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

Litigation

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

Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. Adjustments for fiscal year 2025 have been finalized. As a result, a receivable of \$35 was recorded in the accompanying financial statements.

NOTE 19 – SET ASIDE CALCULATIONS

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

The following cash basis information describes the changes in the fiscal year end set-aside amounts for capital acquisitions. Disclosure of this information is required by the State statute.

	<u>Capital Improvements</u>
Set-Aside Balance as of as of June 30, 2024	\$0
Current Year Set-Aside Requirement	291,467
Qualifying Expenditures	<u>(291,467)</u>
Totals	<u><u>\$0</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-Aside Balance as of June 30, 2025	<u><u>\$0</u></u>

The carryover amount in the capital acquisition set-aside is limited to the qualifying expenditures or the balance of the offsets attributed to bond or tax levy proceeds and proceeds of certificates of participation issued as a part of a lease-purchase agreement entered into under Ohio Revised Code Section 3313.375 (Ohio Revised Code Section 3315.181(E)). The School District is responsible for tracking the amount of the certificates of participation that may be used as an offset in future periods, which was \$12,000,000 as of June 30, 2025.

Rock Hill Local School District, Ohio
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For the Fiscal Year Ended June 30, 2025

NOTE 20 – LEASE RECEIVABLE

The School District reports a lease receivable of \$87,719 in the governmental funds at June 30, 2025. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. A description of the School District’s leasing arrangement is as follows:

The School District entered into a lease agreement with Family Medical Centers for a three-year term beginning May 1, 2024 and ending April 30, 2027 with an optional three year extension that will likely be exercised. Family Medical Centers will remit monthly lease installments of \$1,500 to the School District for the term of the lease. A summary of future payments to be received is as follows:

Fiscal Year Ending June 30,	Principal	Interest
2026	\$18,114	\$4,386
2027	17,520	3,480
2028	18,396	2,604
2029	19,316	1,684
2030	14,373	718
	\$87,719	\$12,872

NOTE 21 – COMMITMENTS

Encumbrances

At June 30, 2025, the School District had significant encumbrance commitments in the following governmental funds:

Fund	Amount
Major Funds:	
General	\$776,067
Permanent Improvement	2,008,810
Non-Major Funds:	
Food Service	112,763
Total Non-Major Funds	112,763
Total Encumbrances	\$2,897,640

Contractual Commitment

At June 30, 2025, the School District had the following significant outstanding contractual commitment:

Contractor/Contract	Contract Amount	Amount Paid as of 6/30/25	Contract Remaining
Veregy East, LLC	\$11,732,641	\$10,709,072	\$1,023,569

NOTE 22 - NEW ACCOUNTING PRONOUNCEMENT

For fiscal year 2025, the School District implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 provides updated guidance on accounting for and reporting compensated absences, which

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

includes recognizing a liability for leave that is attributable to service already rendered and is more likely than not to be used or otherwise paid or settled. The implementation of GASB Statement No. 101 has the following impact on beginning net position:

	Governmental Activities
Net Position, as reported, at June 30, 2024	\$27,957,416
Adjustments: GASB No. 101 Implementation	<u>1,203,845</u>
Net Position, as adjusted, at June 30, 2024	<u>\$29,161,261</u>

GASB Statement 102 requires centers to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. A concentration, as defined by Statement 102, is a lack of diversity related to an aspect of a significant inflow or outflow of resources, for example, a small number of companies that represent a majority of employment in a center's jurisdiction, or a center that relies on one revenue source for most of its revenue. A constraint is a limitation imposed on a center by an external party or by formal action of the center's highest level of decision-making authority, such as a voter-approved property tax cap or a state-imposed debt limit. The School District had no disclosures related to concentrations or constraints. This GASB pronouncement relates to note disclosure only and had no effect on beginning net position/fund balance.

NOTE 23 – CHANGE IN REPORTING ENTITY

For fiscal year 2025, the ESSER fund presentation changed from major to nonmajor.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>										
School District's proportion of the net pension liability	0.07058663%	0.07293134%	0.07163167%	0.07225159%	0.07216296%	0.07405417%	0.074547573%	0.074724600%	0.075158360%	0.075034700%
School District's proportionate share of the net pension liability	\$19,508,080	\$24,412,318	\$17,016,257	\$15,886,502	\$15,958,405	\$17,918,474	\$9,531,577	\$16,611,373	\$16,185,306	\$14,437,889
School District's covered payroll	\$7,364,536	\$7,636,457	\$8,052,686	\$8,293,200	\$8,472,214	\$8,792,400	\$9,571,029	\$9,567,786	\$10,656,900	\$10,350,157
School District's proportionate share of the net pension liability as a percentage of its covered payroll	264.9%	319.7%	211.3%	191.6%	188.4%	203.8%	99.6%	173.6%	151.9%	139.5%
Plan fiduciary net position as a percentage of the total pension liability	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%	80.0%	82.5%
<i>School Employees Retirement System</i>										
School District's proportion of the net pension liability	0.07839620%	0.08454770%	0.08635500%	0.08064090%	0.08687110%	0.09338150%	0.09731020%	0.09556860%	0.09884540%	0.10026120%
School District's proportionate share of the net pension liability	\$4,473,363	\$6,188,112	\$5,159,520	\$4,618,454	\$5,197,650	\$6,176,449	\$3,590,464	\$5,169,093	\$5,461,718	\$5,128,959
School District's covered payroll	\$2,360,061	\$2,778,686	\$2,579,650	\$2,728,511	\$2,876,859	\$2,833,079	\$2,916,436	\$3,570,029	\$3,921,457	\$3,791,914
School District's proportionate share of the net pension liability as a percentage of its covered payroll	189.5%	222.7%	200.0%	169.3%	180.7%	218.0%	123.1%	144.8%	139.3%	135.3%
Plan fiduciary net position as a percentage of the total pension liability	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%	76.1%	78.5%

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

Rock Hill Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Nine Fiscal Years

	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>									
School District's proportion of the net OPEB liability (asset)	0.07293134%	0.07163167%	0.07225159%	0.07216296%	0.07405417%	0.074547573%	0.074724600%	0.075158360%	0.075034700%
School District's proportionate share of the net OPEB liability (asset)	\$3,900,387	\$2,794,803	(\$1,161,009)	(\$1,195,192)	(\$1,301,501)	(\$1,571,774)	(\$1,934,869)	(\$1,461,726)	(\$1,423,265)
School District's covered payroll	\$7,636,457	\$8,052,686	\$8,293,200	\$8,472,214	\$8,792,400	\$9,571,029	\$9,567,786	\$10,656,900	\$10,350,157
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	51.1%	34.7%	-14.0%	-14.1%	-14.8%	-16.4%	-20.2%	-13.7%	-13.8%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%	168.5%	158.0%
<i>School Employees Retirement System</i>									
School District's proportion of the net OPEB liability	0.08569280%	0.08749330%	0.08757275%	0.08734760%	0.09309350%	0.09961490%	0.09787290%	0.10066620%	0.10218980%
School District's proportionate share of the net OPEB liability	\$2,442,562	\$2,348,090	\$2,429,505	\$2,196,608	\$2,023,226	\$1,885,294	\$1,374,146	\$1,658,421	\$1,040,798
School District's covered payroll	\$2,778,686	\$2,579,650	\$2,728,511	\$2,876,859	\$2,833,079	\$2,916,436	\$3,570,029	\$3,921,457	\$3,791,914
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	87.9%	91.0%	89.0%	76.4%	71.4%	64.6%	38.5%	42.3%	27.4%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%	24.1%	30.3%	30.0%	44.5%

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

Rock Hill Local School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$1,069,104	\$1,127,376	\$1,161,048	\$1,186,110	\$1,230,936	\$1,339,944	\$1,339,490	\$1,491,966	\$1,449,022	\$1,574,148
Contractually required contribution - OPEB	0	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	1,069,104	1,127,376	1,161,048	1,186,110	1,230,936	1,339,944	1,339,490	1,491,966	1,449,022	1,574,148
Contributions in relation to the contractually required contribution	1,069,104	1,127,376	1,161,048	1,186,110	1,230,936	1,339,944	1,339,490	1,491,966	1,449,022	1,574,148
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$7,636,457	\$8,052,686	\$8,293,200	\$8,472,214	\$8,792,400	\$9,571,029	\$9,567,786	\$10,656,900	\$10,350,157	\$11,243,914
Contributions as a percentage of covered payroll - pension	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$389,016	\$361,151	\$368,349	\$388,376	\$396,631	\$408,301	\$499,804	\$549,004	\$530,868	\$745,297
Contractually required contribution - OPEB (1)	0	0	13,913	14,967	0	0	0	0	0	0
Contractually required contribution - total	389,016	361,151	382,262	403,343	396,631	408,301	499,804	549,004	530,868	745,297
Contributions in relation to the contractually required contribution	389,016	361,151	382,262	403,343	396,631	408,301	499,804	549,004	530,868	745,297
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$2,778,686	\$2,579,650	\$2,728,511	\$2,876,859	\$2,833,079	\$2,916,436	\$3,570,029	\$3,921,457	\$3,791,914	\$5,323,550
Contributions as a percentage of covered payroll - pension	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See accompanying notes to the required supplementary information.

Rock Hill Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2016 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2025.

Changes in assumptions

There were no changes in assumptions for fiscal years 2016 through 2017.

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

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

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

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

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

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

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

There were no changes in assumptions for fiscal years 2024 or 2025.

OPEB

Changes in benefit terms

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

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

- The HealthSpan HMO plans were eliminated.

Rock Hill Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

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

There were no changes to benefit terms for fiscal years 2023 through 2025.

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

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

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

Rock Hill Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- The assumed salary scale was modified.

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

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

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

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

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

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

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

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

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

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

Rock Hill Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

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

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

For fiscal year 2025, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Pre-Medicare – from 7.50 percent initial, 4.14 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Medical Medicare – from -10.94 percent initial, 4.14 percent ultimate to -112.22 percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from -11.95 percent initial, 4.14 percent ultimate to 8.00 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 1.33 percent initial, 4.14 percent ultimate to -15.14 percent initial, 3.94 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2016 through 2017.

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

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

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

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

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

Rock Hill Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

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

There were no changes to benefit terms for fiscal years 2024 or 2025.

Changes in assumptions

There were no changes in assumptions for fiscal years 2016 through 2017.

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

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

There were no changes in assumptions for fiscal years 2023 through 2025.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2025.

Rock Hill Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in assumptions

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

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

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

Rock Hill Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

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

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
 - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
 - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

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

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

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

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

For fiscal year 2025, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 3.86 percent to 3.93 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 4.27 percent to 4.88 percent.
- The medical trend assumption increased from 6.75 percent to 7.00 percent.

**ROCK HILL LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Grant Year	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education and Workforce				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2024-2025	\$ 0	\$ 37,038
Cash Assistance:				
National School Lunch Program	10.555	2024-2025		432,416
Total National School Lunch Program				<u>469,454</u>
School Breakfast Program	10.553	2024-2025		250,894
Total Child Nutrition Cluster				720,348
Total U.S. Department of Agriculture				<u>720,348</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education and Workforce				
Title I-A Improving Basic Programs	84.010A	2024		37,318
		2025		539,511
Expanding Opportunities for Each Child		2024		8,849
Title I-D Delinquent		2025		40,716
Title I-A School improvement		2024		9,694
Total Title I Grants to Local Educational Agencies				<u>636,088</u>
Special Education Cluster:				
Special Education Grants to States	84.027A	2024		60,918
		2025		290,071
Total Special Education Grants to States				<u>350,989</u>
IDEA Early Childhood Special Education	84.173A	2024		2,951
Total Special Education Cluster				353,940
Rural Education	84.358B	2024		3,776
		2025		34,700
Total Rural Education				<u>38,476</u>
Supporting Effective Instruction State Grants	84.367A	2024		9,091
		2025		66,048
Total Supporting Effective Instruction State Grants				<u>75,139</u>
Student Support and Academic Enrichment Program	84.424A	2024		46,341
		2025		69,713
	84.424F	2024		61,776
Total Student Support and Academic Enrichment Program				<u>177,830</u>
COVID-19 Education Stabilization Fund				
	84.425U	2024		3,775,790
	84.425W	2024		3,681
Total COVID-19 Education Stabilization Fund				<u>3,779,471</u>
Total U.S. Department of Education				5,060,944
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Office of Budget and Management				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2025		39,745
Total U.S. Department of Treasury				39,745
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 5,821,037</u>

The accompanying notes are an integral part of this schedule.

**ROCK HILL LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Rock Hill Local School District (the School District) under programs of the federal government for the year ended June 30, 2025. 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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 School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER

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

Rock Hill Local School District
Lawrence County
2325A County Road 26
Ironton, Ohio 45638

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, each major fund, and the aggregate remaining fund information of the Rock Hill Local School District, Lawrence County, Ohio (the School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 24, 2026, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

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

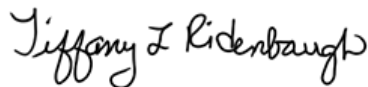
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



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

February 24, 2026



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

Rock Hill Local School District
Lawrence County
2325A County Road 26
Ironton, Ohio 45638

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Rock Hill Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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.

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

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

KEITH FABER
Ohio Auditor of State



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

February 24, 2026

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**ROCK HILL LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	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):	COVID-19 Education Stabilization Fund – Federal AL #84.425 U & W Title I Grants to Local Educational Agencies – Federal AL #84.010A
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



ROCK HILL LOCAL SCHOOL DISTRICT

LAWRENCE 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 3/12/2026

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

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