OHIO AUDITOR OF STATE
KEITH FABER

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY
JUNE 30, 2023

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Ross-Pike Educational Service District, Ross County, Ohio (Educational Service District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Educational Service District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Ross-Pike Educational Service District, Ross County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Educational Service District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Educational Service District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Educational Service District's basic financial statements. The budgetary comparison schedule and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024, on our consideration of the Educational Service District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Educational Service District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Educational Service District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
March 8, 2024

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The management discussion and analysis of the Ross-Pike Educational Service District's financial performance provides an overview and analysis of the Educational Service District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Educational Service District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Educational Service District's financial performance.

Financial Highlights

- In total, net position of governmental activities increased $278,214, from a deficit of $9,524,448 to a deficit balance of $9,246,234 which represents a 2.92 percent increase from 2022.

- General revenues accounted for $542,857 or 3.85 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $13,539,178 or 96.15 percent of total revenues of $14,082,035.

- The Educational Service District had $13,803,821 in expenses related to governmental activities; $13,539,178 of these expenses was offset by program specific charges for services and operating grants or contributions. General revenues supporting governmental activities (primarily unrestricted grants and entitlements) of $542,857 were used to provide for the remainder of these programs.

- The Educational Service District major governmental fund is the General Fund. The General Fund had $10,540,929 in revenues and $10,616,079 in expenditures. During fiscal year 2023, the General Fund balance decreased $75,150 from $3,512,750 to $3,437,600.

Using these Basic Financial Statements

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

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

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

Reporting the Educational Service District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Educational Service District to provide programs and activities, the view of the Educational Service District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets, liabilities, deferred outflows, deferred inflows, revenues and expenses using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the Educational Service District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

The Educational Service District's proprietary fund is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Educational Service District's various functions. The Educational Service District's internal service fund accounts for dental and vision self-insurance programs. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Reporting the Educational Service District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-67 of this report.

The Educational Service District as a Whole

Recall that the statement of net position provides the perspective of the Educational Service District as a whole. Table 1 provides a summary of the Educational Service District's net position for 2023 compared to fiscal year 2022:

Table 1

Net Position at Year End

	Governmental Activities		
	2023	2022	Change
Assets:			
Current and Other Assets	$5,605,116	$5,150,182	$454,934
Net OPEB Asset	1,049,396	866,979	182,417
Capital Assets, Net	850,238	49,319	800,919
Total Assets	7,504,750	6,066,480	1,438,270
Deferred Outflows of Resources:			
Pension	3,370,509	3,074,304	296,205
OPEB	549,449	611,320	(61,871)
Total Deferred Outflows of Resources	3,919,958	3,685,624	234,334
Liabilities:			
Current and Other Liabilities	1,564,237	1,499,503	64,734
Long-Term Liabilities:			
Due Within One Year	94,658	27,445	67,213
Due in More than One Year:			
Net Pension Liability	13,110,826	7,940,485	5,170,341
Net OPEB Liability	1,091,537	1,419,879	(328,342)
Other Amounts	1,531,265	282,611	1,248,654
Total Liabilities	17,392,523	11,169,923	6,222,600
Deferred Inflows of Resources:			
Pension	1,160,034	6,171,554	(5,011,520)
OPEB	2,118,385	1,935,075	183,310
Total Deferred Inflows of Resources	3,278,419	8,106,629	(4,828,210)
Net Position:			
Net Investment in Capital Assets	0	49,319	(49,319)
Restricted	561,531	102,576	458,955
Unrestricted	(9,807,765)	(9,676,343)	(131,422)
Total Net Position	($9,246,234)	($9,524,448)	$278,214

The net pension liability and net OPEB liability are the largest liabilities reported by the Educational Service District at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Educational Service District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

Current assets increased $454,934 or 8.83% from fiscal year 2022 due primarily to an increase in equity in pooled cash and investments.

At fiscal year-end, capital assets represented 11.33% of total assets. Capital assets include furniture and equipment and educational materials. Capital assets, net of accumulated depreciation at June 30, 2023, were $850,238. These capital assets are used to provide services to students of other school districts and are not available for future spending.

Current liabilities increased $64,734 or 4.32% from fiscal year 2022 due primarily to increases in accounts payable and accrued wages and benefits.

Long-term liabilities increased by $6,157,866 or 63.68% as the result of an increase in net pension liabilities due to actuarial measurements done by the retirement systems. Additional information can be found in Note 13.

A portion of the Educational Service District's net position, $561,531, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is a deficit $9,807,765.

Table 2 shows the changes in net position for fiscal year 2023 and comparisons to fiscal year 2022.

Table 2
Changes in Net Position

	Governmental Activites		
	2023	2022	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$11,015,427	$9,553,366	$1,462,061
Operating Grants and Contributions	2,523,751	2,084,188	439,563
General Revenues:			
Unrestricted Grants and Entitlements	359,139	325,271	33,868
Investment Earnings	107,832	(79,824)	187,656
Miscellaneous	75,886	138,876	(62,990)
Total Revenues	14,082,035	12,021,877	2,060,158
Expenses:			
Instruction:			
Regular	548,034	450,244	97,790
Special	7,746,821	6,085,955	1,660,866
Other	8,052	12,808	(4,756)
Support Services:			
Pupils	1,663,187	1,337,178	326,009
Instructional Staff	2,431,052	2,026,995	404,057
Board of Education	112,167	102,490	9,677
Administration	503,271	495,182	8,089
Fiscal	365,471	315,013	50,458
Operation and Maintenance of Plant	183,378	179,624	3,754
Central	174,538	112,718	61,820
Extracurricular Activities	0	100	(100)
Debt Service:			
Issuance Costs	35,000	0	35,000
Interest and Fiscal Charges	32,850	0	32,850
Total Expenses	13,803,821	11,118,307	2,685,514
Change in Net Position	278,214	903,570	(625,356)
Net Position at Beginning of Year	(9,524,448)	(10,428,018)	903,570
Net Position at End of Year	($9,246,234)	($9,524,448)	$278,214

Governmental Activities

Net Position of the Educational Service District's governmental activities increased $278,214. Total governmental expenses of $13,803,821 were offset by program revenues of $13,539,178 and general revenues of $542,857. Program revenues supported 98.08% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from charges for services. This revenue source represents 78.22% of total governmental revenue. The largest expense of the Educational Service District is for instructional programs. Instructional expenses totaled $8,302,907 or 60.15% of total governmental expenses for fiscal year 2023. Support services expenses totaled $5,433,064 or 39.36% of total governmental expenses.

The total expenses for governmental activities increased $2,685,514 or 24.15%. The increase in expenses is the result of the retirement systems calculations for net pension and net OPEB liabilities.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2023 and 2022. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements.

Table 3

Net Cost of Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program Expenses:				
Instruction:				
Regular	$548,034	$1,401	$450,244	($176,565)
Special	7,746,821	(651,742)	6,085,955	(45,166)
Other	8,052	(8,052)	12,808	(12,808)
Support Services:				
Pupils	1,663,187	(349,656)	1,337,178	(199,364)
Instructional Staff	2,431,052	1,102,411	2,026,995	1,128,967
Board of Education	112,167	(112,167)	102,490	(102,490)
Administration	503,271	(9,526)	495,182	5,588
Fiscal	365,471	(5,666)	315,013	5,618
Operation and Maintenance of Plant	183,378	10,742	179,624	6,926
Central	174,538	(174,538)	112,718	(91,359)
Extracurricular Activities	0	0	100	(100)
Debt Service:				
Issuance Costs	35,000	(35,000)	0	0
Interest and Fiscal Charges	32,850	(32,850)	0	0
Total Expenses	$13,803,821	($264,643)	$11,118,307	$519,247

For all governmental activities, program revenue support is 98.08% and 104.67% at June 30, 2023 and 2022 respectively, of total governmental activities expenses. The Educational Service District's charges for services and operating grants and contributions, as a whole, are by far the primary support for Educational Service District's programs and services provided.

Fund Balances

The Educational Service District's governmental funds reported a combined fund balance of $3,836,604 which is more than the previous fiscal year's fund balance of $3,424,595. The schedule below indicates the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance/(Deficit) June 30, 2023	Fund Balance/(Deficit) June 30, 2022	Increase (Decrease)	Increase (Decrease)
General	$3,437,600	$3,512,750	($75,150)	(2.14%)
Other Governmental	399,004	(88,155)	487,159	552.62%
Total	$3,836,604	$3,424,595	$412,009	12.03%

General Fund

The Educational Service District's General fund balance decreased $75,150.

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

	2023 Amount	2022 Amount	Increase (Decrease)	Increase (Decrease)
Revenues:				
Tuition	$9,394,982	$8,330,968	$1,064,014	12.77%
Charges for Services	548,326	516,773	31,553	6.11%
Interest	107,832	(79,824)	187,656	235.09%
Intergovernmental	416,170	427,585	(11,415)	(2.67%)
All Other Revenues	73,619	140,201	(66,582)	(47.49%)
Total:	$10,540,929	$9,335,703	$1,205,226	12.91%
Expenditures:				
Instruction	$7,126,671	$6,464,909	$661,762	10.24%
Support Services	3,460,111	3,155,093	305,018	9.67%
Interest and Fiscal Charges	29,297	0	29,297	100.00%
Total:	$10,616,079	$9,620,002	$996,077	10.35%

Revenues of the General Fund increased $1,205,226 or 12.91%. Tuition revenues increased $1,064,014 or 12.77%. This increase is primarily due to an increase in tuition charges received for additional students.

Expenditures of the General Fund increased $996,077 or 10.35%. This increase is primarily due to an increase in Instruction expenditures of $661,762 or 10.24%.

Capital Assets

At June 30, 2023, the Educational Service District had $850,238 invested in furniture and equipment, educational media, and construction in progress. This entire amount is reported in governmental activities. The following table shows June 30, 2023 balances compared to June 30, 2022.

Table 4
Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	2023	2022
Nondepreciable Capital Assets:		
Construction in Progress	$814,500	$0
Depreciable Capital Assets:		
Furniture, Fixtures and Equipment	$235,406	$246,582
Total Capital Assets	1,049,906	246,582
Less Accumulated Depreciation:		
Furniture, Fixtures and Equipment	199,668	197,263
Total Accumulated Depreciation	199,668	197,263
Non-Depreciable Capital Assets Net	35,738	49,319
Total Capital Assets, Net	$850,238	$49,319

The overall increase in capital assets of $800,919 is due to capital asset additions exceeding current year depreciation during fiscal year 2023. See Note 8 to the basic financial statements for additional information on the Educational Service District's capital assets.

Debt Administration

At June 30, 2023, the District had 1,330,000 in Loans Outstanding. Table 4 summarizes the debt outstanding for fiscal year 2023 compared to fiscal year 2022.

Table 5
Outstanding Debt, Governmental Activities at Year End

	Governmental Activities	
Purpose	2023	2022
Loans Payable	$1,330,000	$0
Total Debt	$1,330,000	$0

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

Current Financial Related Activities

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

Contacting the Educational Service District's Financial Management

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

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ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$4,960,354
Accrued Interest Receivable	4,159
Accounts Receivable	24,863
Intergovernmental Receivable	615,740
Net OPEB Asset	1,049,396
Non-Depreciable Capital Assets	814,500
Depreciable Capital Assets, Net	35,738
Total Assets	7,504,750
Deferred Ouflows of Resources:	
Pensions	3,370,509
OPEB	549,449
Total Deferred Outflows of Resources	3,919,958
Liabilities:	
Accounts Payable	36,428
Accrued Wages and Benefits	1,253,103
Intergovernmental Payable	261,645
Accrued Interest Payable	3,553
Claims Payable	9,508
Long-Term Liabilities:	
Due within One Year	94,658
Due in More Than One Year:	
Net Pension Liability	13,110,826
Net OPEB Liability	1,091,537
Other Amounts Due in More Than One Year	1,531,265
Total Liabilities	17,392,523
Deferred Inflows of Resources:	
Pensions	1,160,034
OPEB	2,118,385
Total Deferred Inflows of Resources	3,278,419
Net Position:	
Restricted for:	
Capital Outlay	480,500
Other Purposes	81,031
Unrestricted (Deficit)	(9,807,765)
Total Net Position	($9,246,234)

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$548,034	$549,435	$0	$1,401
Special	7,746,821	6,623,583	471,496	(651,742)
Other	8,052	0	0	(8,052)
Support Services:				
Pupils	1,663,187	1,224,706	88,825	(349,656)
Instructional Staff	2,431,052	1,771,455	1,762,008	1,102,411
Board of Education	112,167	0	0	(112,167)
Administration	503,271	446,313	47,432	(9,526)
Fiscal	365,471	266,311	93,494	(5,666)
Operation and Maintenance of Plant	183,378	133,624	60,496	10,742
Central	174,538	0	0	(174,538)
Debt Service:				
Issuance Costs	35,000	0	0	(35,000)
Interest and Fiscal Charges	32,850	0	0	(32,850)
Total Governmental Activities	$13,803,821	$11,015,427	$2,523,751	(264,643)

General Revenues:	
Grants and Entitlements not Restricted to Specific Programs	359,139
Investment Earnings	107,832
Miscellaneous	75,886
Total General Revenues	542,857
Change in Net Position	278,214
Net Position at Beginning of Year	(9,524,448)
Net Position at End of Year	($9,246,234)

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Balance Sheet

Governmental Funds

June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	$4,202,152	$638,119	$4,840,271
Accrued Interest Receivable	4,159	0	4,159
Accounts Receivable	24,863	0	24,863
Interfund Receivable	79,867	0	79,867
Intergovernmental Receivable	361,692	254,048	615,740
Total Assets	$4,672,733	$892,167	$5,564,900
Liabilities:			
Accounts Payable	$12,081	$24,347	$36,428
Accrued Wages and Benefits	1,013,540	239,563	1,253,103
Interfund Payable	0	79,867	79,867
Intergovernmental Payable	209,512	52,133	261,645
Total Liabilities	1,235,133	395,910	1,631,043
Deferred Inflows of Resources:			
Unavailable Revenue	0	97,253	97,253
Fund Balances:			
Restricted	0	561,967	561,967
Committed	119,471	0	119,471
Assigned	72,888	0	72,888
Unassigned	3,245,241	(162,963)	3,082,278
Total Fund Balances	3,437,600	399,004	3,836,604
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$4,672,733	$892,167	$5,564,900

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Funds Balances		$3,836,604
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.		850,238
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental Receivable		97,253
Some liabilites are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Compensated Absences Payable	(295,923)	
Loans Payable	(1,330,000)	
Accrued Interest Payable	(3,553)	
Total		(1,629,476)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	3,370,509	
Deferred Outflows - OPEB	549,449	
Net OPEB Asset	1,049,396	
Net Pension Liability	(13,110,826)	
Net OPEB Liability	(1,091,537)	
Deferred Inflows - Pension	(1,160,034)	
Deferred Inflows - OPEB	(2,118,385)	
Total		(12,511,428)
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		110,575
Net Position of Governmental Activities		($9,246,234)

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Intergovernmental	$416,170	$2,491,785	$2,907,955
Interest	109,670	0	109,670
Increase (Decrease) in Fair Value of Investments	(1,838)	0	(1,838)
Tuition and Fees	9,394,982	430,316	9,825,298
Rent	2,925	0	2,925
Customer Sales and Services	548,326	638,878	1,187,204
Miscellaneous	70,694	5,192	75,886
Total Revenues	10,540,929	3,566,171	14,107,100
Expenditures:			
Current:			
Instruction:			
Regular	5,465	553,050	558,515
Special	7,113,154	800,002	7,913,156
Other	8,052	0	8,052
Support Services:			
Pupils	1,618,417	92,379	1,710,796
Instructional Staff	690,003	1,828,161	2,518,164
Board of Education	112,167	0	112,167
Administration	391,304	126,865	518,169
Fiscal	274,273	90,938	365,211
Operation and Maintenance of Plant	126,792	56,117	182,909
Central	176,636	0	176,636
Capital Outlay	70,519	814,500	885,019
Debt Services:			
Interest	29,297	0	29,297
Issuance Costs	0	35,000	35,000
Intergovernmental	0	12,000	12,000
Total Expenditures	10,616,079	4,409,012	15,025,091
Excess of Revenues Over (Under) Expenditures	(75,150)	(842,841)	(917,991)
Other Financing Sources (Uses):			
Notes Issued	0	1,330,000	1,330,000
Total Other Financing Sources (Uses)	0	1,330,000	1,330,000
Net Change in Fund Balances	(75,150)	487,159	412,009
Fund Balances at Beginning of Year	3,512,750	(88,155)	3,424,595
Fund Balances at End of Year	$3,437,600	$399,004	$3,836,604

See accompanying notes to the basic financial statements.

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, 2023

Net Change in Fund Balances - Total Governmental Funds		$412,009
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	814,500	
Current Year Depreciation	(12,238)	
Total		802,262
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		(1,343)
Revenues in the Statement of Activities that do not provide current financial resouces are not reported as revenues in the funds. These revenues consist of:		
Intergovernmental revenue		(25,065)
Some expenses reported in the Statement of Activities, including compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		14,133
Accrued Interest Payable		(3,553)
Pension and OPEB Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred outflows.		1,418,392
Except for amounts reported as deferred inflows/outflows, changes in the net pension OPEB OPEB Liability (Asset) are reported as pension expense in the Statement of Activities.		(1,015,430)
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities:		
Loans Issued		(1,330,000)
The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		6,809
Change in Net Position of Governmental Activities		$278,214

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Fund Net Position

Proprietary Fund

June 30, 2023

	Governmental Activities
	Internal Service
Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	$120,083
Total Assets	120,083
Liabilities:	
Current Liabilities:	
Claims Payable	9,508
Total Liabilities	9,508
Net Position:	
Unrestricted	110,575
Total Net Position	$110,575

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Fund

For the Fiscal Year Ended June 30, 2023

	Governmental Activities
	Internal Service
Operating Revenues:	
Charges for Services	$73,605
Total Operating Revenues	73,605
Operating Expenses:	
Claims	66,796
Total Operating Expenses	66,796
Operating Income/Change in Net Position	6,809
Net Position at Beginning of Year	103,766
Net Position at End of Year	$110,575

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2023

	Governmental Activities
	Internal Service
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	$73,605
Cash Payments for Claims	(67,884)
Net Cash from Operating Activities	5,721
Net Decrease in Cash and Cash Equivalents	5,721
Cash and Cash Equivalents at Beginning of Year	114,362
Cash and Cash Equivalents at End of Year	$120,083
Reconciliation of Operating Loss to Net Cash from Operating Activities:	
Operating Income	$6,809
Changes in Liabilities:	
Decrease in Claims Payable	(1,088)
Net Cash from Operating Activities	$5,721

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2023

	Custodial Fund
Assets:	
Equity in Pooled Cash and Investments	$1,744
Intergovernmental Receivable	515
Total Current Assets	2,259
Total Assets	2,259
Liabilities:	
Total Liabilities	0
Net Position:	
Restricted for Individuals, Organizations and Other Governments	2,259
Total Net Position	$2,259

See accompanying notes to the basic financial statements.

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

June 30, 2023

	Custodial Fund
Additions:	
Custodial Fund Receipts	$58,814
Total Additions	58,814
Deductions:	
Custodial Fund Disbursements	65,080
Total Deductions	65,080
Change in Net Position	(6,266)
Net Position Beginning of Year	8,525
Net Position End of Year	$2,259

See accompanying notes to the basic financial statements.

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

Description of the Educational Service District

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

The Ross-Pike Educational Service District operates under a locally-elected Board form of government consisting of five members from Ross County, plus four Board members from the Pike County Joint Vocational school, who are elected for staggered four-year terms and two members that are appointed by the nine elected Board members. The Educational Service District has 158 support staff employees and 120 certified teaching and supervisory personnel that provides services to the local and city school districts and the career technology Districts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

Jointly Governed Organizations

META Solutions

META Solutions is a jointly governed organization as a regional council of governments pursuant to State statutes. META Solutions develops, implements, and supports the technology and instructional needs of member districts including financial accounting services, educational management information services, and cooperative purchasing services. META Solutions membership consists of 152 public schools, 11 educational service centers, 15 career technology centers, and more than 200 non-public chartered schools. Non-public charter schools are not members but receive services based on contractual agreements and are not eligible for seats on the board of directors. Each member district pays an annual fee for services provided by META Solutions. META Solutions is governed by an 11-member board of directors made up of Superintendents and School Business Officials selected from the 178 member public school districts. The board of directors controls the budget and finances of META Solutions. The continued existence of META Solutions is not dependent on the District's continued participation and no equity interest exists. Financial statements for META Solutions can be obtained from the META Solutions office, 2100 Citygate Drive, Columbus, Ohio 43219. The District made payments of $39,249 to META Solutions for fiscal year 2023.

Pickaway-Ross Career and Technology Center

The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, and the Educational Service District, each of which possesses its own budgeting and taxing authority. During fiscal year 2023, the Educational Service District paid $300 to the Pickaway-Ross Career and Technology Center. To obtain financial information write to the Pickaway-Ross Career and Technology Center, Todd Starr, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Insurance Purchasing Pools

Workers' Compensation Group Rating Program

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

Ohio School Plan

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

Risk Pool Membership

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

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

Ross County School Employees Insurance Consortium

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

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

B. Basis of Presentation

The Educational Service District's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

C. Fund Accounting

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

Governmental Funds

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

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

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

Proprietary Fund

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

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

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

Fiduciary Funds

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

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

E. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Expenses/Expenditures

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

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

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

F. Budgetary Process

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

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

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

G. Equity in Pooled Cash and Investments

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

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

During fiscal year 2023, investments were limited to Federal Agency Securities, U.S. Government money market account, State Treasury Asset Reserve of Ohio (STAROhio) and certificates of deposit. Except for nonparticipating investment contracts, investments are recorded at fair value. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The Educational Service Center has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." Investments in STAROhio are valued at the net asset value per share provided by STAROhio on an amortized cost basis at June 30, 2023. Nonparticipating investment contracts are reported at cost.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

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

Following Ohio statutes, the Educational Service District has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to $109,670, which includes $20,747 assigned from other Educational Service District funds.

H. Capital Assets and Depreciation

All capital assets of the Educational Service District are general capital assets that are associated with governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental 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 year. Donated capital assets are recorded at their acquisition cost as of the date received. The Educational Service District maintains a capitalization threshold of five hundred dollars. The Educational Service District does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Furniture	10 - 20 years
Educational Media	3 - 6 years
Computers and Equipment	4 - 6 years

I. Compensated Absences

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

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

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

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

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

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

J. Accrued Liabilities and Long-Term Liabilities

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

K. Pensions

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

L. Interfund Balances

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

M. Interfund Activity

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

N. Net Position

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

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

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

O. Fund Balance

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

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

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

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

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

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

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

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

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

P. Estimates

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Educational Service District, these revenues are charges for services for vision and dental benefits provided to employees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. Non-operating revenues and expenses are those that are not generated directly by the Educational Service District's primary mission. The Educational Service District did not report non-operating revenues or expenses for fiscal year 2023.

NOTE 3 - IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2023, the School District has implemented GASB Statement No. 91, Conduit Debt Obligations, GASB Statement No. 93, paragraphs 13 and 14, Replacement of Interbank Offered Rates, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Available Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and certain provisions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

NOTE 4 – ACCOUNTABILITY

Deficit Balances

Fund balances at June 30, 2023 included the following individual fund deficits:

Fund	Deficit
Nonmajor Special Revenue Funds:	
Preschool Expansion Grant	$35,231
Miscellaneous State Grants	7,427
ESSER	39,054
GEER	11,866
IDEA Part B	64,763
Title I	834
Preschool Grant	3,200
Miscellaneous Federal Grants	588

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

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTE 5 - <u>DEPOSITS AND INVESTMENTS</u> - (Continued)

3. Written repurchase agreements in the securities listed above, provided that the fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAROhio);

7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

A. <u>Cash on Hand</u>

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

B. <u>Deposits with Financial Institutions</u>

Custodial credit risk is the risk that, in the event of a bank failure, the Educational Service District may not be able to recover deposits on collateral securities that are the possession of an outside party. As of June 30, 2023, all of the Educational Service District’s bank balance of $1,054,135 was either covered by Federal Deposit Insurance or collateral was held by the pledging banks trust department not in the Educational Service District’s name.

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

C. Investments

As of June 30, 2023, the Educational Service District had the following investments and maturities:

		Investment Maturities		
Investment Type	Fair Value	One Year or Less	One to Three Years	Over Three Years
STAR Ohio	$1,681,153	$1,681,153	$0	$0
FFCB	208,024	96,705	111,319	0
FHLMC	112,514	112,514	0	0
FNMA	113,227	0	113,227	0
FHLB	689,074	394,670	240,605	53,799
Negotiable CDs	956,496	390,781	518,441	47,274
U.S. Treasury Notes	490,870	490,870	0	0
U.S. Government Money Market	165,424	165,424	0	0
Total	$4,416,782	$3,332,117	$983,592	$101,073

The Educational Service District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Educational Service District's recurring fair value measurements as of June 30, 2023.

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Concentration of Credit Risk: The Educational Service District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Educational Service District at June 30, 2023:

Investment Type	Fair Value	% of Total
STAR Ohio	$1,681,153	38.06%
FFCB	208,024	4.71%
FHLMC	112,514	2.55%
FNMA	113,227	2.56%
FHLB	689,074	15.60%
Negotiable CDs	956,496	21.66%
U.S. Treasury Notes	490,870	11.11%
U.S. Government Money Market	165,424	3.75%
Total	$4,416,782	100.00%

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Position as of June 30, 2023:

Cash and investments per note	
Carrying amount of deposit	$545,291
Investments	4,416,782
Cash on hand	25
Total	$4,962,098
Cash and Investments per Statement of Net Position	
Governemental Activities	$4,960,354
Fiduciary Fund	1,744
Total	$4,962,098

*NOTE 6 – **INTERFUND TRANSACTIONS***

Interfund receivables and payables consisted of the following at June 30, 2023:

	Interfund Receivable	Interfund Payable
General	$79,867	$0
Nonmajor Special Revenue Funds:		
Viritual Learning Program	0	6,324
Preschool Expansion Grant	0	5,637
ESSER	0	11,008
GEER	0	4,823
IDEA Part B	0	30,994
Preschool Grants	0	2,774
Miscellaneous State Grants	0	17,719
Miscellaneous Federal Grants	0	588
Total Non-Major Funds	0	79,867
Total	$79,867	$79,867

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

*NOTE 7 - **RECEIVABLES***

Receivables at June 30, 2023 consist of accounts, intergovernmental and accrued interest. All receivables are considered collectible in full. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental Activites:	
Accounts	$24,863
Intergovernmental	615,740
Accrued Interest	4,159
Total	$644,762

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

NOTE 8 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2023 was as follows:

Asset Category	Balance at July 1, 2022	Additions	Deductions	Balance at June 30, 2023
Nondepreciable Capital Assets:				
Construction in Progress	$0	$814,500	$0	$814,500
Total Nondepreciable Capital Assets	0	814,500	0	814,500
Depreciable Capital Assets:				
Furniture, Fixtures and Equipment	$245,721	$0	($11,176)	$234,545
Educational Media	861	0	0	861
Total Depreciable Capital Assets	246,582	0	(11,176)	235,406
Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(196,402)	(12,238)	9,833	(198,807)
Educational Media	(861)	0	0	(861)
Total Accumulated Depreciation	(197,263)	(12,238)	9,833	(199,668)
Total Net Capital Assets	$49,319	$802,262	($1,343)	$850,238

Depreciation expense was charged to governmental functions as follow:

Instruction:	
Special	$1,599
Support Services:	
Pupils	456
Instructional Staff	6,981
Administration	2,733
Operations and Maintenance	469
Total Depreciation Expense	$12,238

NOTE 9 - RISK MANAGEMENT

A. Property

The Educational Service District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the Educational Service District contracted through the Ohio School Plan for property insurance. Coverage's provided are as follows:

Building and Contents - Replacement cost ($1,000 deductible)	$2,185,743

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

NOTE 9 - <u>RISK MANAGEMENT</u>- (Continued)

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

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

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

B. Risk Pool Membership

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omission, injuries to employees, and natural disasters. During fiscal year 2023, the School District contracted with the Ohio School Plan for liability, property insurance and fleet insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

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

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

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

***NOTE 9 - RISK MANAGEMENT*- (Continued)**

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2022 and 2021.

	2022	2021
Assets	$ 17,878,913	$ 16,691,066
Liabilities	11,253,693	7,777,013
Members' equity	6,625,220	8,914,053

You can read the complete audited financial statements for The Ohio School Plan at Auditor of State of Ohio's website, https://ohioauditor.gov/ under "*Audit Search*".

C. OASBO Workers' Compensation Group Rating Plan

For fiscal year 2023, the Educational Service District participated in the Ohio School Boards Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2 A). The intent of the GRP is to achieve the benefit of a reduced premium for the Educational Service District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Inc. provides administrative, cost control and actuarial services to the GRP.

D. Employee Medical/Dental/Vision Benefits

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

The Educational Service District is self-insured for dental and vision insurance through Professional Risk Management, a Medical Mutual Health Company. The claims liability of $9,508 reported in the Internal Service Fund at June 30, 2023 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Premiums are paid from the same funds that pay the employees' salaries.

NOTE 9 - RISK MANAGEMENT- (Continued)

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

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2022	$5,733	$66,796	$75,374	$10,596
2023	10,596	66,796	67,884	9,508

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018 is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The COLA it is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. The Retirement Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Educational Service District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The Educational Service District's contractually required contribution to SERS was $504,657 for fiscal year 2023. Of this amount, $0 is reported as an intergovernmental payable.

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 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 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14 percent of their annual covered salary. The Educational Service District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The Educational Service District's contractually required contribution to STRS was $850,472 for fiscal year 2023. Of this amount, $136,833 is reported as intergovernmental payable.

Net Pension Liability

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Educational Service District's proportion of the net pension liability was based on the Educational Service District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07583000%	0.04052766%	
Prior Measurement Date	0.07271400%	0.04111990%	
Change in Proportionate Share	0.00311600%	-0.00059224%	
Proportionate Share of the Net Pension Liability	$4,101,476	$9,009,350	$13,110,826
Pension Expense	$225,119	$992,626	$1,217,745

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

At June 30, 2023, the Educational Service District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$166,113	$115,329	$281,442
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	313,509	313,509
Changes of Assumptions	40,469	1,078,148	1,118,617
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	145,706	156,106	301,812
Contributions Subsequent to the Measurement Date	504,657	850,472	1,355,129
Total Deferred Outflows of Resources	$856,945	$2,513,564	$3,370,509
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$26,925	$34,465	$61,390
Net Difference between Projected and Actual Earnings on Pension Plan Investments	143,121	0	143,121
Changes of Assumptions	0	811,536	811,536
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	28,489	115,498	143,987
Total Deferred Inflows of Resources	$198,535	$961,499	$1,160,034

$1,355,129 reported as deferred outflows of resources related to pension resulting from Educational Service District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$62,435	$14,960	$77,395
2025	57,924	(5,575)	52,349
2026	(204,452)	(221,488)	(425,940)
2027	237,846	913,696	1,151,542
	$153,753	$701,593	$855,346

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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	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	7.00 percent net of system expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2022 and 2021 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Changes Between the Measurement Date and the Reporting Date Cost-of-Living Adjustments was increased from 2.00% to 2.50% for calendar year 2023.

	1% Decrease	Current Discount Rate	1% Increase
Educational Service District's Proportionate Share of the Net Pension Liability	$6,037,177	$4,101,476	$2,470,674

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50 percent	2.50 percent
Projected salary increases	8.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

Post-Retirement mortality rates for 2022 are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Post-retirement mortality rates for healthy retirees for 2021 were based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate **-** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022, and was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. 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, 2022.

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

	1% Decrease	Current Discount Rate	1% Increase
Educational Service District's Proportionate Share of the Net Pension Liability	$13,609,848	$9,009,350	$5,118,753

NOTE 10 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Educational Service District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan;

***NOTE 11 – DEFINED BENEFIT OPEB PLANS*– (Continued)**

However, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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 2023, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. 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 2023, the Educational Service District's surcharge obligation was $63,263.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Educational Service District's contractually required contribution to SERS was $63,263 for fiscal year 2023, which is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

NOTE 11 – DEFINED BENEFIT OPEB PLANS – (Continued)

Net OPEB Liability

The net OPEB liability(asset) was measured as of June 30, 2022, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of that date. The Educational Service District's proportion of the net OPEB liability was based on the Educational Service District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.07774420%	0.04052766%	
Prior Measurement Date	0.07502340%	0.04111990%	
Change in Proportionate Share	0.00272080%	-0.00059224%	
Proportionate Share of the Net OPEB Liability/(Asset)	$1,091,537	($1,049,396)	$42,141
OPEB Expense (Gain)	($12,435)	($189,880)	($202,315)

At June 30, 2023, the Educational Service District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$9,175	$15,214	$24,389
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,675	18,268	23,943
Changes of Assumptions	173,622	44,699	218,321
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	218,461	1,072	219,533
Contributions Subsequent to the Measurement Date	63,263	0	63,263
Total Deferred Outflows of Resources	$470,196	$79,253	$549,449
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$698,228	$157,601	$855,829
Changes of Assumptions	448,085	744,125	1,192,210
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	66,560	3,786	70,346
Total Deferred Inflows of Resources	$1,212,873	$905,512	$2,118,385

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (Continued)

$63,263 reported as deferred outflows of resources related to OPEB resulting from Educational Service District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($140,604)	($242,256)	($382,860)
2025	(168,613)	(238,599)	(407,212)
2026	(180,178)	(113,273)	(293,451)
2027	(127,915)	(46,696)	(174,611)
2028	(80,450)	(61,151)	(141,601)
Thereafter	(108,180)	(124,284)	(232,464)
	($805,940)	($826,259)	($1,632,199)

Actuarial Assumptions - SERS

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

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

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.00 percent net of investmen expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	3.69 percent	1.92 percent
Prior Measurement Date	1.92 percent	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	4.08 percent	2.27 percent
Prior Measurement Date	2.27 percent	2.63 percent
Medical Trend Assumption		
Medicare	7.00 to 4.40 percent	5.125 to 4.40 percent
Pre-Medicare	7.00 to 4.40 percent	6.75 to 4.40 percent

For 2022 and 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

***NOTE 11 – DEFINED BENEFIT OPEB PLANS*– (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.27 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 state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by STRS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the Educational Service District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). 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 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Educational Service District's Proportionate Share of the Net OPEB Liability	$1,355,705	$1,091,537	$878,281

	1% Decrease	Current Trend Rate	1% Increase
Educational Service District's Proportionate Share of the Net OPEB Liability	$841,771	$1,091,537	$1,417,772

NOTE 11 – DEFINED BENEFIT OPEB PLANS– (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	8.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial, 3.94 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-68.78 percent initial, 3.94 percent ultimate	-16.18 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial, 3.94 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	-5.47 initial, 3.94 percent ultimate	29.98 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2022; valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 11 – DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022, and was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

Sensitivity of the Educational Service District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability/asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB liability/asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
Educational Service District's Proportionate Share of the Net OPEB Asset	($970,139)	($1,049,396)	($1,117,286)

	1% Decrease	Current Trend Rate	1% Increase
Educational Service District's Proportionate Share of the Net OPEB Asset	($1,088,479)	($1,049,396)	($1,000,063)

NOTE 11 – DEFINED BENEFIT OPEB PLANS – (Continued)

Assumption Changes Since the Prior Measurement Date – The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date – Salary increase rates were undated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

NOTE 12 – EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Life Insurance

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

C. Deferred Compensation

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

NOTE 13 - LONG-TERM LIABILITIES

The changes in the Educational Service District's long-term liabilities during fiscal year 2023 were as follows:

	Principal Outstanding at June 30, 2022	Additions	Deductions	Principal Outstanding at June 30, 2022	Amount Due In One Year
Governmental Activities:					
Net Pension Liability:					
STRS	$5,257,549	$3,751,801	$0	$9,009,350	$0
SERS	2,682,936	1,418,540	0	4,101,476	0
Total Net Pension Liability	7,940,485	5,170,341	0	13,110,826	0
Net OPEB Liability:					
SERS	1,419,879	0	328,342	1,091,537	0
Total Net OPEB Liability	1,419,879	0	328,342	1,091,537	0
Loans Payable	0	1,330,000	0	1,330,000	0
Compensated Absences	310,056	139,940	154,073	295,923	94,658
Total Governmental Activities Long-Term Obligations	$9,670,420	$6,640,281	$482,415	$15,828,286	$94,658

NOTE 13 - LONG-TERM LIABILITIES – (Continued)

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

	2023 Construction Loan		
Year	Principal	Interest	Total
2024	$63,000	$42,201	$105,201
2025	73,000	39,991	112,991
2026	75,000	37,586	112,586
2027	78,000	35,100	113,100
2028	80,000	31,812	111,812
2029-2033	442,000	122,127	564,127
2034-2038	519,000	43,306	562,306
Totals	$1,330,000	$352,123	$1,682,123

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

NOTE 14 - CONTINGENCIES

Grants

The Educational Service District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms of conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Educational Service District at June 30, 2023.

Litigation

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

NOTE 15 – STATE FUNDING

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

NOTE 16 – OTHER COMMITMENTS

The Educational Service District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At June 30, 2023, the Educational Service District's commitments for encumbrances in the governmental funds were as follows:

Fund	June 30, 2023 Commitments
General	$72,888
Other Governmental Funds	280,779
Total	$353,667

NOTE 17 – FUND BALANCES

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

	General	Other Governmental Funds	Total Governmental Funds
Restricted:			
Special Revenues:			
Alternative School	0	64,878	64,878
Professional Development Grant	0	14,083	14,083
Viritual Learning Program	0	2,506	2,506
Capital Projects	0	480,500	480,500
Total Restricted	0	561,967	561,967
Committed:			
Termination Benefits	119,471	0	119,471
Assigned:			
Encumbrances:			
Instruction	355	0	355
Pupils	6,607	0	6,607
Administration	65,926	0	65,926
Total Assigned	72,888	0	72,888
Unassigned (Deficit)	3,245,241	(162,963)	3,082,278
Total Fund Balance	$3,437,600	$399,004	$3,836,604

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ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental			$416,170	416,170
Tuition			9,523,705	9,523,705
Charges for Services			572,379	572,379
Rent			2,925	2,925
Interest			108,136	108,136
Miscellaneous			89,351	89,351
Total Revenues			10,712,666	10,712,666
Expenditures:				
Current:				
Instruction:				
Regular	8,464	10,464	9,158	1,306
Special	7,619,875	7,489,075	7,084,951	404,124
Other	17,000	17,330	8,052	9,278
Support Services:				
Pupils	1,612,340	1,690,805	1,590,835	99,970
Instructional Staff	841,540	781,540	726,471	55,069
Board of Education	131,100	176,237	112,167	64,070
Administration	621,400	582,329	461,721	120,608
Fiscal	311,890	311,890	302,145	9,745
Operation and Maintenance of Plant	157,100	162,100	126,469	35,631
Central	101,500	199,750	176,079	23,671
Capital Outlay	75,000	108,914	70,519	38,395
Debt Service:				
Interest and Fiscal Charges	0	29,297	29,297	0
Total Expenditures	11,497,209	11,559,731	10,697,864	861,867
Excess of Revenues Over (Under) Expenditures	(11,497,209)	(11,559,731)	14,802	11,574,533
Fund Balance at Beginning of Year	3,779,437	3,779,437	3,779,437	
Prior Year Encumbrances Appropriated	49,438	49,438	49,438	
Fund Balance at End of Year	($7,668,334)	($7,730,856)	$3,843,677	

See accompanying notes to the basic financial statements.

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

Budgetary Process

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

Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance	
	General
GAAP Basis	($75,150)
Adjustments:	
Revenue Accurals	196,737
Expenditure Accruals	(34,803)
Encumbrances	(72,888)
Prospective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	906
Budget Basis	$14,802

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Schedule of the Educational Service District's Proportionate Share of Net Pension Liability

Last Ten Measurement Periods

	2022	2021	2020	2019
School Employees Retirement System of Ohio				
Educational Service District's Proportion of the Net Pension Liability	0.07583000%	0.07271400%	0.07511290%	0.07631390%
Educational Service District's Proportionate Share of the Net Pension Liability	$4,101,476	$2,682,936	$4,968,125	$4,565,994
Educational Service District's Covered Payroll	$3,153,636	$2,675,793	$2,833,364	$2,789,150
Educational Service District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	130.06%	100.27%	175.34%	163.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%
State Teachers Retirement System of Ohio				
Educational Service District's Proportion of the Net Pension Liability	0.04052766%	0.04111990%	0.03987096%	0.03994772%
Educational Service District's Proportionate Share of the Net Pension Liability	$9,009,350	$5,257,549	$9,647,354	$8,834,198
Educational Service District's Covered Payroll	$5,335,229	$4,985,664	$4,900,964	$4,733,379
Educational Service District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	168.87%	105.45%	196.85%	186.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.88%	87.80%	75.48%	77.40%

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
0.07087050%	0.05973810%	0.05424830%	0.05227850%	0.05070100%	0.05070100%
$4,058,885	$3,569,220	$3,970,475	$2,983,062	$2,565,949	$3,015,026
$2,422,414	$2,094,886	$2,224,393	$1,822,140	$1,724,776	$1,504,610
167.56%	170.38%	178.50%	163.71%	148.77%	200.39%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
0.04083436%	0.04091219%	0.04287690%	0.04205907%	0.04181549%	0.04181549%
$8,978,559	$9,718,778	$14,352,191	$11,623,897	$10,170,974	$12,115,598
$4,654,871	$4,549,257	$4,572,693	$4,572,714	$4,765,100	$3,428,454
192.89%	213.63%	313.87%	254.20%	213.45%	353.38%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

Schedule of the Educational Service District's Proportionate Share of Net OPEB Liablity/(Asset)

Last Seven Fiscal Years

	2023	2022	2021	2020
School Employees Retirement System of Ohio				
Educational Service District's Proportion of the Net OPEB Liability	0.07774420%	0.07502340%	0.07818630%	0.07832120%
Educational Service District's Proportionate Share of the Net OPEB Liability	$1,091,537	$1,419,879	$1,699,244	$1,969,613
Educational Service District's Covered-Employee Payroll	$3,604,693	$3,153,636	$2,675,793	$2,833,364
Educational Service District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	30.28%	45.02%	63.50%	69.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%
State Teachers Retirement System of Ohio				
Educational Service District's Proportion of the Net OPEB Liability	0.04052766%	0.04111990%	0.03987096%	0.03994772%
Educational Service District's Proportionate Share of the Net OPEB Asset	$1,049,396	$866,979	$700,731	$661,630
Educational Service District's Proportionate Share of the Net OPEB Liability	$0	$0	$0	$0
Educational Service District's Covered-Employee Payroll	$6,074,800	$5,335,229	$4,985,664	$4,900,964
Educational Service District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	(17.27%)	(16.25%)	(14.05%)	(13.50%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.73%	174.70%	182.13%	174.74%

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

See accompanying notes to the required supplementary information.

2019	2018	2017
0.07168120%	0.06069880%	0.06069880%
$1,988,630	$1,628,996	$1,730,140
$2,789,150	$2,422,414	$2,094,886
71.30%	67.25%	82.59%
13.57%	12.46%	11.49%
0.04083436%	0.04091219%	0.04091219%
$656,167	$0	$0
$0	$1,596,243	$2,187,995
$4,733,379	$4,654,871	$4,549,257
(13.86%)	34.29%	48.10%
176.00%	47.10%	37.30%

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

	2023	2022	2021	2020
Pension				
Contractually Required Contributions	$504,657	$441,509	$374,611	$396,671
Contributions in Relation to the Contractually Required Contributions	(504,657)	(441,509)	(374,611)	(396,671)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Educational Service District Covered-Employee Payroll	$3,604,693	$3,153,636	$2,675,793	$2,833,364
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
OPEB				
Contractually Required Contributions (1)	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contributions	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
Educational Service District Covered-Employee Payroll	$3,604,693	$3,153,636	$2,675,793	$2,833,364
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

(1) Excludes surcharge amounts.

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
$376,535	$327,026	$293,284	$311,415	$240,158	$239,054
(376,535)	(327,026)	(293,284)	(311,415)	(240,158)	(239,054)
$0	$0	$0	$0	$0	$0
$2,789,150	$2,422,414	$2,094,886	$2,224,393	$1,822,140	$1,724,776
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
$13,946	$12,112	$0	$0	$14,942	$2,415
(13,946)	(12,112)	0	0	(14,942)	(2,415)
$0	$0	$0	$0	$0	$0
$2,789,150	$2,422,414	$2,094,886	$2,224,393	$1,822,140	$1,724,776
0.50%	0.50%	0.00%	0.00%	0.82%	0.14%

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

	2023	2022	2021	2020
Pension				
Contractually Required Contributions	$850,472	$746,932	$697,993	$686,135
Contributions in Relation to the Contractually Required Contributions	(850,472)	(746,932)	(697,993)	(686,135)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Educational Service District Covered-Employee Payroll	$6,074,800	$5,335,229	$4,985,664	$4,900,964
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
OPEB				
Contractually Required Contributions	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contributions	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
Educational Service District Covered-Employee Payroll	$6,074,800	$5,335,229	$4,985,664	$4,900,964
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
$662,673	$651,682	$636,896	$640,177	$640,180	$619,463
(662,673)	(651,682)	(636,896)	(640,177)	(640,180)	(619,463)
$0	$0	$0	$0	$0	$0
$4,733,379	$4,654,871	$4,549,257	$4,572,693	$4,572,714	$4,765,100
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$44,247
0	0	0	0	0	(44,247)
$0	$0	$0	$0	$0	$0
$4,733,379	$4,654,871	$4,549,257	$4,572,693	$4,572,714	$4,765,100
0.00%	0.00%	0.00%	0.00%	0.00%	0.93%

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

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

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

2019: The following were the most significant changes in benefit terms:
- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2020-2023: There were no changes in benefit terms for the period.

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

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

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

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

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

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

- Mortality among active members was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

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

Other Postemployment Benefits

Changes in benefit terms:
2017-2023: There were no changes in benefit terms for the period.

Changes in assumptions:
2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 1.75%

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

- Mortality among active members was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

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

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:
2017-2023: There were no changes in benefit terms for the period.

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

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

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

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

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

Other Postemployment Benefits

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

2018: The following were the most significant changes in benefit terms:
- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

NOTE 2 - <u>STATE TEACHERS RETIREMENT SYSTEM OF OHIO</u> *(Continued)*

- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

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

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

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

2022 - 2023: There were no changes in benefit terms for the period.

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

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:
- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- Valuation year per capita health care costs were updated, and the salary scale was modified.
- The percentage of future retirees electing each option was updated
- The percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:
- Discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%
- Valuation year per capita health care costs were updated

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

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

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

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

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

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ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal Assistance Listing Number**	**Pass Through Entity Identifying Number**	**Total Federal Receipts**	**Total Federal Expenditures**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Special Education Cluster:				
Special Education-Grants to States-2023 (IDEA-B)	84.027	N/A	1,068,927	1,097,280
Special Education-Grants to States-2022 (IDEA-B)	84.027	N/A	189,498	89,995
Early Literacy SSIP-2023 (IDEA)	84.027	N/A	84,568	87,209
Early Literacy SSIP-2022 (IDEA)	84.027	N/A	12,035	7,954
Total Title VIB			1,355,028	1,282,438
IDEA Preschool Restoration -2023	84.173 A	N/A	74,810	75,342
IDEA Preschool Restoration -2022	84.173 A	N/A	14,855	5,115
Early Literacy SSIP-2023 (ELSR)	84.173 A	N/A	21,543	23,786
Early Literacy SSIP-2022 (ELSR)	84.173 A	N/A	4,748	1,143
Total Early Learning			115,956	105,386
Total Special Education Cluster			1,470,984	1,387,824
Passed Through Ohio Department of Education				
Title I:				
Title I Priority Schools - 2023	84.010 A	N/A	8,545	8,545
Title I Priority Schools - 2022	84.010 A	N/A	1,026	513
Total Title I			9,571	9,058
Passed Through Ohio Department of Education				
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund (GEER I and II):				
COVID-19 Governor's Emergency Education Relief Fund - 2023	84.425C	N/A	73,821	73,821
COVID-19 Governor's Emergency Education Relief Fund - 2022	84.425C	N/A	19,440	12,100
			93,261	85,921
Elementary and Secondary School Emergency Relief Fund (ESSER I and II):				
COVID-19 ESSER ESC Family Engagement Liaisons	84.425 D	N/A	4,822	-
COVID-19 ESSER Extended Learning and Recovery - 2022	84.425 D	N/A	21,404	17,982
			26,226	17,982
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund:				
COVID-19 ARP ESSER Family and Community Partner Liaisons - 2023	84.425 U	N/A	109,514	110,112
COVID-19 ARP ESSER Extended Learning and Recovery - 2023	84.425 U	N/A	394,723	404,588
COVID-19 ARP ESSER Literacy: ESCs to Support Structed Literacy	84.425 U	N/A	2,510	2,510
			506,747	517,210
Total Educational Stabilization Fund			626,234	621,113
Special Education Technical Assistance	84.326 M	N/A	468	588
Supporting Effective Instruction State Grants-2021	84.367 A	N/A	9,804	296
Total U.S. Department of Education			**2,117,061**	**2,018,879**
Total Expenditures of Federal Awards			**$ 2,117,061**	**$ 2,018,879**

The accompanying notes are an integral part of this schedule.

ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ross-Pike County Educational Service District (the Educational Service District's) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Educational Service District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Educational Service District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The Educational Service District transferred the following amounts from 2023 to 2024 programs:

Program Title	Assistance Listing Number	Amount Transferred
ARP ESSER Extended Learning and Recovery	84.425 U	$ 538,084
ARP ESSER Family and Community Partner Liaisons	84.425 U	110,721
Special Education Technical Assistance	84.326 M	6,802

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*

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ross-Pike Educational Service District, Ross County, (the Educational Service District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Educational Service District's basic financial statements and have issued our report thereon dated March 8, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio
March 8, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Ross-Pike Educational Service District's, Ross County, (Educational Service District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Ross-Pike Educational Service District's major federal program for the year ended June 30, 2023. Ross-Pike Educational Service District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Ross-Pike Educational Service District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio
March 8, 2024

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ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

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):**	84.425 Education Stabilization Fund
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/26/2024

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